

# INTEGRA

The logo for Integra Resources features the word "INTEGRA" in a bold, grey, sans-serif font. The letter "A" is stylized, with a yellow triangle pointing upwards inside its right-hand side. Below "INTEGRA", the word "RESOURCES" is written in a similar grey, sans-serif font, with wide letter spacing.

## RESOURCES

**NOTICE OF SPECIAL MEETING**

**OF SHAREHOLDERS**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**As at December 7, 2017**



**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**  
**to be held on THURSDAY, JANUARY 18, 2018 at 10:00 a.m. (Pacific Standard Time)**  
**#2200 – 885 West Georgia Street, Vancouver, BC V6C 3E8**

You are receiving this notice to advise that proxy materials for the above-noted shareholders' meeting are available on the Internet. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. We remind you to access and review all of the important information contained in the Information Circular and other proxy materials before voting. The Information Circular and other relevant materials are available at:

[www.integrareources.com](http://www.integrareources.com) OR [www.sedar.com](http://www.sedar.com)

Shareholders may obtain, without any charge to them, a paper copy of the Information Circular and further information on Notice and Access by contacting the Corporation as follows:

E-mail:	George@dsacorp.ca
Facsimile:	416-848-0105
Telephone:	416-848-0790
Mail:	Suite 200, 82 Richmond Street East, Toronto, Ontario M5C 1P1

Requests for paper copies of the Information Circular (and any other related documents) must be received no later than 12:00 noon (Pacific Standard Time) on Thursday, January 4, 2018 in order for shareholders to receive paper copies of such documents and return their completed proxies by the deadline for submission of 10:00 am (Pacific Standard Time) on Tuesday, January 16, 2018.

The resolutions to be voted at the meeting are listed below along with the sections within the Information Circular where disclosure regarding the matter can be found.

1. To consider and, if deemed advisable, pass a special resolution to authorize the board of directors of the Corporation to set the number of directors from time to time within the minimum and maximum number of directors set forth in the articles of the Corporation, in accordance with Section 125(3) of the *Business Corporations Act* (Ontario), provided that the total number of directors so set may not exceed one-third of the number of directors elected at the previous annual general meeting of shareholders, as detailed in the Information Circular (See "Particulars of Other Matters to be Acted Upon");
2. To consider and, if deemed advisable, pass an ordinary resolution of disinterested shareholders that approves the adoption of a new Equity Incentive Plan, as detailed in the Information Circular (See "Particulars of Other Matters to be Acted Upon"); and
3. To transact such other business as may properly come before the meeting or any adjournment thereof.

Shareholders who are unable to attend the Meeting are requested to complete, sign, date and return the enclosed proxy. A proxy will not be valid unless it is deposited by mail or by fax at the office of TSX Trust Company, 301 - 100 Adelaide Street West Toronto, Ontario, M5H 4H1 or by fax number: 416-595-9593 not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or an adjournment thereof. Only Shareholders of record on December 8, 2017 are entitled to receive notice of and vote at the Meeting.

DATED at Vancouver, British Columbia this 7<sup>th</sup> day of December 2017.

Yours sincerely,

George Salamis  
President & Chief Executive Officer

# **INFORMATION CIRCULAR**

(as at December 7, 2017)

## **MANAGEMENT SOLICITATION OF PROXIES**

This Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by management of Integra Resources Corp. (the “Corporation” or “Integra”) for use at the Special Meeting of shareholders of the Corporation (the “Meeting”) to be held in the Boardroom of #2200 - 885 West Georgia Street, Vancouver, B.C. V6C 3E8 on Thursday, January 18, 2018 at 10:00 a.m. (Pacific Standard Time) for the purposes set forth in the Notice of Special Meeting of Shareholders (the “Notice”) accompanying this Circular.

Proxies may also be solicited personally by directors, officers and regular employees of the Corporation. The cost of solicitation of proxies will be borne by the Corporation.

**You may opt to receive important shareholder information electronically, including the Meeting Materials (as defined below), by visiting [www.investorcentre.com](http://www.investorcentre.com) and follow these steps:**

- **Click on “sign up for e-Delivery”**
- **Select the Corporation from the drop-down list**
- **Enter your Holder Account Number (found on your proxy form) and postal code (or last name if you reside outside of Canada)**
- **Click Submit**

The Corporation has used notice and access to deliver the Notice, this Circular and the Proxy (as defined below) (collectively, the “Meeting Materials”) to shareholders by posting the Meeting Materials on its website. The Meeting Materials will be available on the Corporation’s website on December 18, 2017 and will remain on the website for one full year thereafter. The Meeting Materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com) as of December 18, 2017. Shareholders may request a paper copy of this Circular be sent to them by contacting the Corporation as set out under “Additional Information” at the end of this Circular.

## **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the accompanying form of proxy (the “Proxy”) are officers of the Corporation. **A registered shareholder has the right to appoint a person or company (who need not be a shareholder) other than the persons named as the proxy of the shareholder and may exercise this right either by inserting that person’s name in the blank space provided in the Proxy and striking out the other names or by completing another proper form of proxy.** To be effective, Proxies must be deposited at the office of the Corporation’s registrar and transfer agent, TSX Trust Company, 301 - 100 Adelaide Street West Toronto, Ontario, M5H 4H1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or adjournment thereof.

Proxies given by registered shareholders for use at the Meeting may be revoked at any time before their use. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by depositing an instrument in writing signed by the registered shareholder, or by the registered shareholder’s attorney duly authorized in writing, at the registered office of the Corporation, Suite 2200, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8 on or before the last business day preceding the day of the Meeting, or any adjournment thereof, or with the chair of the Meeting on the day of the Meeting, or any adjournment thereof.

## **VOTING AND DISCRETION OF PROXIES**

The common shares of the Corporation represented by the Proxies solicited by management of the Corporation pursuant to this Circular will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the common shares will be voted accordingly. **If no directions are given, the common shares will be voted FOR adoption of a special resolution authorizing the Board (as defined herein) to set the number of directors and FOR the adoption of the New Plan (as defined herein). The Proxy confers discretionary authority on the persons named therein in respect of amendments or variations to the matters referred to in the Notice and**

**in respect of other matters that may properly come before the Meeting, or any adjournment thereof.**

As at the date of this Circular, management knows of no such amendments or variations or other matters that may properly come before the Meeting but, if any such amendments, variations or other matters are properly brought before the Meeting, the persons named in the Proxies will vote thereon in accordance with their best judgment.

## **NON-REGISTERED HOLDERS**

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the “Non-Registered Holder”) but which are registered either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as the Canadian Depository for Securities Limited), of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as “NOBOs.” Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as “OBOs.” In accordance with applicable securities laws, the Corporation has elected to send the notice and access notification directly to the NOBOs, and indirectly through Intermediaries to the OBOs. The Intermediaries (or their service companies) are responsible for forwarding the notice and access notification to each OBO, unless the OBO has waived the right to receive them.

The Meeting Materials are being made available to both registered shareholders and Non-Registered Holders. If you are a Non-Registered Holder and the Corporation or its agent has sent the notice and access notification directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. In this event, by choosing to send the notice and access notification to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) making available the Meeting Materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

The Corporation does not intend to pay for the Intermediary to deliver the notice and access notification or Meeting Materials to OBOs and, as a result, OBOs will not be sent paper copies of such notice and access notification or Meeting Materials unless their Intermediary assumes the costs. Intermediaries will frequently use service companies to forward the notice and access notification and/or Meeting Materials to the Non-Registered Holders. Generally, a Non-Registered Holder who has not waived the right to receive Meeting Materials will either:

- (a) 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 shares beneficially owned by the Non-Registered Holder and must be completed, but not signed, by the Non-Registered Holder and deposited with TSX Trust Company; or
- (b) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the management proxyholder named in the form and insert the Non-Registered Holder's name in the blank space provided. Non-Registered Holders should carefully follow the instructions of

their Intermediary, including those regarding when and where the Proxy or proxy authorization form is to be delivered.

## VOTING SHARES

The record date for the determination of shareholders entitled to receive notice of and vote at the Meeting has been fixed as December 8, 2017. Except as may be otherwise indicated herein and in the Notice, the affirmative vote of a majority of the votes cast at the Meeting is required for approval of each matter set forth in this Circular.

To the knowledge of the directors and senior officers of the Corporation, there are no persons or companies who beneficially own, or control or direct, directly or indirectly, common shares carrying 10% or more of the voting rights attached to all outstanding shares of the Corporation.

## Common Shares

The authorized capital of the Corporation consists of an unlimited number of common shares without par value. As at the date of this Circular, 56,020,074 common shares (the “Common Shares”) are issued and outstanding. Each Common Share of the Corporation carries the right to one vote, and all Common Shares may be voted at the Meeting.

## DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

The following information is presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation*. The Corporation is required to disclose certain financial and other information relating to the compensation of the Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”) and the three other most highly compensated executive officers of the Corporation (collectively the “Named Executive Officers”) and for the directors of the Corporation.

### Summary Compensation Table

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years to the Named Executive Officers and the directors of the Corporation:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES <sup>(1)</sup>							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Marco Guidi,</b> <sup>(2)</sup> Former CFO	2016	24,000	Nil	Nil	Nil	Nil	24,000
	2015	48,000	Nil	Nil	Nil	Nil	48,000
<b>Chris Irwin,</b> <sup>(3)</sup> Former President and Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
<b>Greg Gibson,</b> <sup>(4)</sup> Former Chairman and Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
<b>Terry Loney,</b> <sup>(5)</sup> Former VP, Exploration and Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	60,000	Nil	Nil	Nil	Nil	60,000
<b>John Carter,</b> <sup>(5)</sup> Former VP, Corporate Development and Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
<b>Dan Weir,</b> <sup>(5)</sup> Former Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
<b>Lisa McCormack,</b> <sup>(5)</sup> Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil

**TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES<sup>(1)</sup>**

<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
<b>Jennifer Thor,</b> <sup>(4)(6)</sup> Former Director	2016 2015	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>George Salamis,</b> <sup>(7)</sup> President, CEO	2016 2015	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>Stephen de Jong,</b> <sup>(6)</sup> Chairman	2016 2015	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>David Awram,</b> <sup>(8)</sup> Director	2016 2015	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>Andrée St-Germain,</b> <sup>(2)</sup> CFO and Corporate Secretary	2016 2015	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>Max Baker,</b> <sup>(9)</sup> VP Exploration	2016 2015	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Notes:

- (1) This table does not include any amount paid as reimbursement for expenses.
- (2) Mr. Guidi resigned effective August 17, 2017, and Ms. St-Germain was appointed CFO in his stead.
- (3) During the financial year ended December 31, 2016, Irwin Lowy LLP, a limited liability partnership of which Mr. Irwin is a partner, accrued fees of \$25,092 for legal services. During the financial year ended December 31, 2015, Irwin Lowy LLP, a limited liability partnership of which Mr. Irwin is a partner, accrued fees of \$46,948 for legal services. Mr. Irwin resigned effective November 3, 2017.
- (4) Mr. Gibson resigned on March 2, 2017, and Ms. Thor was appointed as a director in his stead.
- (5) Messrs. Loney, Carter and Weir resigned on January 30, 2016, and Ms. McCormack was appointed a director in their stead.
- (6) Ms. Thor resigned effective August 17, 2017 and Mr. de Jong was appointed director in her stead.
- (7) Mr. Salamis was appointed President and CEO effective on August 17, 2017.
- (8) Mr. Awram was appointed as a director effective November 3, 2017.
- (9) Mr. Baker was appointed VP Exploration effective on September 1, 2017.

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

No compensation securities were granted or issued to any Named Executive Officer or to any director of the Corporation during the most recently completed financial year of the Corporation for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries. As at December 31, 2016, Mr. Guidi held 2,400 Options (as defined herein) exercisable to purchase 2,400 Common Shares, Mr. Irwin held 6,400 Options exercisable to purchase 6,400 Common Shares, Ms. McCormack held 800 Options exercisable to purchase 800 Common Shares and Ms. Thor held 800 Options exercisable to purchase 800 Common Shares.

None of the Named Executive Officers or directors of the Corporation exercised any compensation securities during the most recently completed financial year of the Corporation.

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

#### ***Compensation of Directors***

The Board of Directors of the Corporation (the "Board"), at the recommendation of the management of the Corporation, determines the compensation payable to the directors of the Corporation and reviews such compensation periodically throughout the year. For their role as directors of the Corporation, each director of the Corporation who is not a Named Executive Officer may, from time to time, be awarded stock options ("Options") under the provisions of the Plan (defined below). There are no other arrangements under which the directors of the Corporation who are not Named Executive Officers were compensated by the Corporation or its subsidiaries during the most recently completed financial year end for their services in their capacity as directors of the Corporation.



## **Compensation of Named Executive Officers**

### *Principles of Executive Compensation*

The Corporation believes in linking an individual's compensation to his or her performance and contribution as well as to the performance of the Corporation as a whole. The primary components of the Corporation's executive compensation are base salary and option-based awards. The Board believes that the mix between base salary and incentives must be reviewed and tailored to each executive based on their role within the organization as well as their own personal circumstances. The overall goal is to successfully link compensation to the interests of the shareholders. The following principles form the basis of the Corporation's executive compensation program:

- (a) align interest of executives and shareholders;
- (b) attract and motivate executives who are instrumental to the success of the Corporation and the enhancement of shareholder value;
- (c) pay for performance; and
- (d) ensure compensation methods have the effect of retaining those executives whose performance has enhanced the Corporation's long term value.

The Board is responsible for the Corporation's compensation policies and practices. The Board has the responsibility to review and make recommendations concerning the compensation of the directors of the Corporation and the Named Executive Officers. The Board also has the responsibility to make recommendations concerning annual bonuses and grants to eligible persons under the Plan. The Board also reviews and approves the hiring of executive officers.

### *Base Salary*

The Board approves the salary ranges for the Named Executive Officers. The base salary review for each Named Executive Officer is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. Comparative data for the Corporation's peer group is also accumulated from a number of external sources including independent consultants.

The Corporation's policy for determining salary for executive officers of the Corporation is consistent with the administration of salaries for all other employees.

### *Annual Incentives*

The Corporation is not currently awarding any annual incentives by way of cash bonuses. However, the Corporation, in its discretion, may award such incentives in order to motivate executives to achieve short-term corporate goals. The Board approves annual incentives.

The success of Named Executive Officers in achieving their individual objectives and their contribution to the Corporation in reaching its overall goals are factors in the determination of their annual bonus. The Board assesses each Named Executive Officers' performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Corporation that arise on a day to day basis. This assessment is used by the Board in developing its recommendations with respect to the determination of annual bonuses for the Named Executive Officers.

### *Compensation and Measurements of Performance*

It is the intention of the Board to approve targeted amounts of annual incentives for each Named Executive Officer at the beginning of each financial year. The targeted amounts will be determined by the Board based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day to day corporate activities, will trigger the award of a bonus payment to the Named Executive Officers. The Named Executive Officers will receive a partial or full incentive payment depending on the number of the predetermined targets met and the Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

### *Long Term Compensation*

The Corporation currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Plan.

### **Pension Disclosure**

There are no pension plan benefits in place for the Named Executive Officers or the directors of the Corporation.

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

The Corporation does not have in place any pension or retirement plan. The Corporation has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer or director of the Corporation in connection with or related to the retirement, termination or resignation of such person. The Corporation has not provided any compensation to such persons as a result of a change of control of the Corporation, its subsidiaries or affiliates.

### **Material Terms of NEO Agreements**

#### *Andrée St-Germain, CFO and Corporate Secretary*

Andrée St-Germain was appointed as CFO and Corporate Secretary under an employment agreement dated effective August 17, 2017. The agreement with Ms. St-Germain provides for a base salary of \$200,000, and a discretionary bonus, to be determined by the Board. The agreement further provides for the following payments if there is termination without cause or constructive dismissal:

- (a) lump sum cash payment equal to 24 months' base salary;
- (b) benefits shall be maintained (other than disability coverage) through the severance period of 24 months; and
- (c) lump sum payment equal to the bonus she would have earned through the severance period of 24 months based on the bonus received for the year before termination.

If Ms. St-Germain resigns or is terminated within 12 months after a change of control, she will receive the above compensation and benefits, and any Options and other equity incentives that may be granted from time to time, including restricted share units, previously granted but not yet vested will be deemed to vest and all Options held will remain exercisable in accordance with the Plan.

#### *Max Baker, VP Exploration*

Max Baker was appointed as VP Exploration under an employment agreement dated effective September 1, 2017. The agreement with Mr. Baker provides for a base salary of US\$190,000, and a discretionary bonus, to be determined by the Board. The agreement further provides for the following payments if there is termination without cause or constructive dismissal:

- (a) lump sum cash payment equal to 24 months' base salary;
- (b) benefits shall be maintained (other than disability coverage) through the severance period of 24 months; and
- (c) lump sum cash payment equal to the bonus she would have earned through the severance period of 24 months based on the bonus received for the year before termination.

If Mr. Baker resigns or is terminated within 12 months after a change of control, he will receive the above compensation and benefits, and any Options and other equity incentives that may be granted from time to time, including restricted share units, previously granted but not yet vested will be deemed to vest and all Options held will remain exercisable in accordance with the Plan.

#### *George Salamis, President & CEO*

George Salamis is retained in the capacity of President and CEO pursuant to a consulting agreement dated effective October 10, 2017. Pursuant to the agreement with Mr. Salamis, the Corporation agrees to pay Mr. Salamis a bi-weekly fee of \$11,538.46 (\$300,000 per year), plus any applicable GST. The agreement further provides for the following payments if there is termination with notice:

- (a) fees owed to Mr. Salamis;

- (b) lump sum cash payment equal to 24 months' of fees;
- (c) benefits shall be maintained for a period of eight weeks; and
- (d) lump sum cash payment equal to the bonus he would have earned through the notice period of 24 months based on the bonus received in the year prior to termination.

If Mr. Salamis resigns or is terminated within 12 months after a change of control, he will be entitled to receive a lump sum cash payment equal to two years of his fees and an additional amount equal to two times the previous year's annual bonus, and any Options and other equity incentives that may be granted from time to time, including restricted share units, previously granted but not yet vested will be deemed to vest and all Options held will remain exercisable in accordance with the Plan.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information regarding the Corporation's Plan as at December 7, 2017.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding Options (a)</b>	<b>Weighted-average exercise price of outstanding Options (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by securityholders	4,157,200	\$1.00	1,444,807
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>4,157,200</b>	<b>\$1.00</b>	<b>1,444,807</b>

## STOCK OPTION PLANS AND OTHER INCENTIVE PLANS

### Stock Option Plan

In accordance with TSX Venture Exchange ("Exchange") Policy 4.4 "Incentive Stock Options" (the "Policy"), the Board adopted a stock option plan (the "Existing Plan"), last approved by shareholders on July 6, 2017. As further detailed herein, the Corporation is proposing to adopt the New Plan to replace the Existing Plan, see "Particulars of Other Matters to be Acted Upon" for additional information.

The Existing Plan was established to, among other things, encourage Common Share ownership in Integra by directors, officers, employees and consultants of Integra and its affiliates and other designated persons. Options may be granted under the Existing Plan only to directors, officers, employees and consultants of Integra and its subsidiaries and other designated persons as designated from time to time by the Board.

The number of Options which may be issued under the Existing Plan is limited to 10% of the number of Common Shares outstanding at the time of the grant of the Options. Any Common Shares subject to an Option which, for any reason, is cancelled or terminated prior to exercise will be available for a subsequent grant under the Existing Plan. The Option price of any Common Shares cannot be less than the market price of the Common Shares. Options granted under the Existing Plan may be exercised during a period not exceeding five years, subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, officer, director or consultant of Integra or any of its subsidiaries or ceasing to have a designated relationship with Integra, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The Options are non-transferable. The Existing Plan contains provisions for adjustment in the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in Integra's capitalization. Subject to shareholder approval in certain circumstances, the Board may from time to time amend or

revise the terms of the Existing Plan or may terminate the Existing Plan at any time. The Existing Plan does not contain any provision for financial assistance by Integra in respect of Options granted under the Existing Plan.

As at the date of this Circular, Integra has no equity compensation plans other than the Existing Plan.

The full text of the Existing Plan is available for viewing up to the date of the Meeting at the Corporation's offices at Suite 200, 82 Richmond Street East, Toronto, Ontario M5C 1P1 and will also be available for review at the Meeting.

#### **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

As of the date of this Circular, other than routine indebtedness and as stated below, there is no outstanding indebtedness to the Corporation or any of its subsidiaries by any current or former executive officer or director, any proposed nominee for election as a director, any employees of neither the Corporation nor any of their other respective associates.

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

Other than as stated herein, no informed person, director, executive officer, nominee for director, nor any associate or affiliate of such persons, has any material interest, direct or indirect, in any transactions since commencement of the Corporation's most recently completed financial year or in any proposed transactions which has materially affected or would materially affect the Corporation or its subsidiaries.

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

Other than as stated herein, no person who was a director or executive officer of the Corporation since the beginning of the Corporation's most recently completed financial year, nominee for director, nor any associate or affiliate of such persons, has a material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any item of business to be acted upon at the Meeting, other than the election of directors.

#### **MANAGEMENT CONTRACTS**

The management functions of Integra are performed by the Corporation's executive officers and Integra has no management agreements or arrangements under which such management functions are performed by persons other than the executive officers of Integra.

#### **AUDITORS**

The auditors of Integra, MNP LLP, Chartered Accountants, were appointed effective March 2, 2016.

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

#### **APPROVAL OF SPECIAL RESOLUTION AUTHORIZING THE BOARD TO FIX THE NUMBER OF DIRECTORS**

Pursuant to section 125(3) of the *Business Corporations Act* (Ontario) (the "Act"), if the articles of a company provide for a minimum and maximum number of directors, the directors may, if a special resolution of shareholders so provide, determine the size of the board of directors from time to time. In addition, section 124(2) of the Act also provides that where a special resolution empowers directors to determine the size of the board of directors in accordance with section 125(3) of the Act, the directors may appoint one or more directors between annual meetings to hold office for a term expiring not later than the close of the next annual meeting of shareholders, provided that the total number of directors so set may not exceed one-third ( $\frac{1}{3}$ ) of the number of directors elected at the previous annual meeting of shareholders.

From time to time, the Board may identify an individual who could make a valuable contribution to the Corporation as a director. Following the Meeting, the Board wishes to have the ability to invite such an individual to join the Board between shareholders' meetings, without the need to create a vacancy, as this may restrict the Corporation's ability to enhance the Board at the earliest opportunity.

By adopting the proposed special resolution, it will be possible to more quickly take advantage of opportunities to augment the Board. At the same time, given the limitation on the number of directors

who can be added between meetings and the expiry of the term of such directors at the next annual meeting, shareholders maintain their control over the composition of the Board.

For these reasons, shareholders are being asked to pass a special resolution to empower the directors to fix the number of directors to be elected within the minimum and maximum number of directors provided for in the articles of the Corporation following the Meeting. The text of the special resolution is outlined below. To be effective, this special resolution must be passed by at least two-thirds ( $\frac{2}{3}$ ) of the votes cast by the shareholders in person or by proxy at the Meeting.

Shareholders of the Corporation will be asked at the Meeting to pass a special resolution, the text of which will be in substantially the form as follows:

*“RESOLVED, AS A SPECIAL RESOLUTION, THAT:*

- 1. the directors of the Corporation are empowered and authorized to determine the number of directors of the Corporation, from time to time, within the minimum and maximum numbers set out in articles of the Corporation, by a resolution of the directors, subject to the limitations set out in the Business Corporations Act (Ontario);*
- 2. any one director or officer of the Corporation is hereby authorized, instructed and empowered, acting for, in the name of, and on behalf of the Corporation, to do or to cause all such other acts and things in the opinion of such director or officer of the Corporation as may be necessary or desirable in order to fulfill the intent of this foregoing resolution; and*
- 3. notwithstanding that this resolution has been duly passed by the shareholders, the Board is hereby authorized and empowered, if it decides not to proceed with this resolution, to revoke this resolution in whole or in part at any time prior to it being given effect without further notice to, or approval of, the shareholders.”*

#### **Recommendation of the Directors**

The Board has reviewed the proposed resolution and concluded that it is fair and reasonable to the shareholders and in the best interests of the Corporation.

**The Board recommends that shareholders vote FOR the resolution in respect of authorizing the Board to fix the number of directors.**

#### **Adoption of New Plan**

The Corporation is seeking authorization from its shareholders at the Meeting to adopt a new Equity Incentive Plan (the “New Plan”) to replace the Existing Plan. The purpose of the New Plan is to secure for the Corporation and its shareholders the benefits inherent in share ownership by the employees and directors of the Corporation and its affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success. The Corporation believes that following the listing of the Common Shares on the Exchange it required an updated equity incentive plan to reflect the growing size and scope of the Corporation’s employee base and operations.

The New Plan:

- (a) is a “rolling” plan, pursuant to which the aggregate number of Common Shares to be issued under the New Plan, together with any other securities-based compensation arrangements of the Corporation, shall not exceed 10% of the Corporation’s issued and outstanding Common Shares from time to time;
- (b) provides for the awards of Options and Restricted Share Units (“RSUs”) (collectively the “Awards”); and
- (c) provides for a purchase program for eligible employees of the Corporation (the “Purchase Program”) to purchase Common Shares (“Program Shares”).

The New Plan provides that all Awards granted after the date the New Plan is approved by shareholders at the Meeting will be governed by the New Plan. All Options and RSUs previously

granted under the Existing Plan that remain outstanding will be governed by the terms of the New Plan and not by the terms of the Existing Plan.

The Exchange has conditionally approved the New Plan, subject to disinterested shareholder approval at the Meeting.

The New Plan provides for the grant to eligible directors, employees (including officers) and consultants of Options and RSUs that convert automatically into Common Shares. The New Plan also includes a Purchase Program for eligible employees to Program Shares.

The aggregate number of Common Shares that may be subject to issuance under the New Plan, together with any other securities-based compensation arrangements of the Corporation, shall not exceed 10% of the Corporation's issued and outstanding share capital from time to time.

### ***Options***

The New Plan authorizes the Board, on the recommendation of the Compensation Committee (the "Committee"), to grant Options. The number of Common Shares, the exercise price per Common Share, the vesting period and any other terms and conditions of options granted pursuant to the New Plan, from time to time are determined by the Board, on the recommendation of the Committee, at the time of the grant, subject to the defined parameters of the New Plan. The date of grant for the Options, unless otherwise determined by the Board, shall be the date the Committee approved the grant for recommendation to the Board, or for grants not approved for recommendation by the Committee, the date such grant was approved by the Board. Each Option grant shall be evidenced by an Option grant letter.

The exercise price of any Option cannot be less than the Market Price (as defined by the policies of the Exchange) on the date of grant.

Options are exercisable for a period of five years from the date the option is granted or such greater or lesser period as determined by the Board. In the event of death of an optionee, any Option held by the optionee at the date of death shall become exercisable in whole or in part, but only by the person or persons to whom the optionee's rights under the Option shall pass by the optionee's will or applicable laws of descent and distribution. Unless otherwise determined by the Board, on the recommendation of the Committee, all such Options shall be exercisable only to the extent that the optionee was entitled to exercise the Option at the date of his or her death and only for twelve months after the date of death or prior to the expiration of the exercise period in respect thereof, whichever is sooner. If an optionee ceases to be employed by the Corporation for cause, no Option held by such optionee will, unless otherwise determined by the Board, on the recommendation of the Committee, be exercisable following the date on which the optionee ceases to be so engaged.

Vesting of Options is determined by the Board. Failing a specific vesting determination by the Board, Options shall vest as follows: (a) for an eligible employee, annually over a thirty-six month period, with one-third of the Options vesting on the date which is twelve months after grant and an additional one-third each twelve months thereafter; and (b) for an eligible director, annually over a twenty-four month period, with one-third of the Options vesting on the date of grant, and an additional one-third each twelve months thereafter.

Cashless exercise rights may also be granted under the New Plan, at the discretion of the Board on the recommendation of the Compensation Committee, to an optionee in conjunction with, or at any time following the grant of, an Option.

### ***RSUs***

The New Plan authorizes the Board to grant RSUs, in its sole and absolute discretion, to any eligible employee or director. Each RSU provides the recipient with the right to receive Common Shares as a discretionary payment in consideration of past services or as an incentive for future services, subject to the New Plan and with such additional provisions and restrictions as the Board may determine. Each RSU grant shall be evidenced by a restricted share right grant letter which shall be subject to the

terms of the New Plan and any other terms and conditions which the Board, on recommendation of the Committee, deem appropriate.

Concurrent with the granting of the RSU, the Board shall determine, on recommendation from the Committee, the period of time during which the RSU is not vested and the holder of such RSU remains ineligible to receive Common Shares. Such period of time may be reduced or eliminated from time to time for any reason as determined by the Board.

The aggregate maximum number of Common Shares underlying RSUs under the New Plan, subject to adjustment provisions therein, shall not exceed 800,000 Common Shares. Any Common Shares subject to an RSU which has been granted under the New Plan and which has been cancelled or terminated in accordance with the terms of the New Plan without the applicable Restricted Period having expired will again be available under the New Plan.

The aggregate maximum number of Common Shares underlying RSUs under the New Plan that may be issued to any one participant: (i) at the time of grant shall not exceed 1% of the Corporation's issued and outstanding Common Shares; and (ii) within a 12 month period shall not exceed 2% of the Corporation's issued and outstanding Common Shares.

In the event the participant retires or is terminated during the vesting period, any RSU held by the participant shall be terminated immediately provided however that the Board shall have the absolute discretion to accelerate the vesting date. In the event of death or total disability the vesting period shall accelerate and the Common Shares underlying the RSUs shall be issued.

Except to the extent prohibited by the Exchange, cashless exercise rights may also be granted under the New Plan, at the discretion of the Board on the recommendation of the Compensation Committee, to a participant in conjunction with, or at any time following the grant of, an RSU.

### ***Purchase Program***

The New Plan provides for a Purchase Program pursuant to which eligible employees ("Program Participants") may purchase Program Shares.

An eligible employee may enter the Purchase Program by providing written notice to the Corporation of its intention to enroll in the Purchase Program. In the written notice, the Program Participant shall specify his or her contribution amount. Unless a Program Participant authorizes changes to his or her payroll deductions or withdraws from the Purchase Program, his or her deductions under the latest authorization on file with the Corporation shall continue from one payroll period to the succeeding payroll period as long as the Purchase Program remains in effect. A Program Participant may contribute, on a per pay period basis, between one percent (1%) to five percent (5%) of a Program Participant's compensation on each payday.

The Corporation may appoint a Program Agent to administer the Purchase Program on behalf of the Corporation and the Program Participants, pursuant to an agreement between the Corporation and the Program Agent which may be terminated by the Corporation or the Program Agent in accordance with its terms. Program Shares purchased under the Purchase Program shall be purchased on the open market by the Program Agent.

Subject to the Corporation's blackout policy and applicable laws, each Program Participant may sell at any time all or any portion of the Program Shares acquired under the Purchase Program and held by the Program Agent by notifying the Program Agent who will execute the sale on behalf of the Program Participant, provided that the Program Participant shall have held such Program Shares for a minimum period of 12 months.

During the first payroll period after a Program Participant has delivered his or her payroll deduction authorization or participation notice, the Corporation, at its sole option, may record its obligation to make a contribution, up to 100% of the Program Shares purchased under the Purchase Program by the Program Agent on behalf of the Program Participant (an "Employer Contribution"), to the Program Participant's account in accordance with the terms of the Purchase Program. Program Shares

purchased with Employer Contributions will be designated as "Employer Shares" and the number of Employer Shares to be issued to a Program Participant and credited to the Program Participant's account under the Purchase Program shall be at the option of the Board and based on the market price for the Program Shares on the last trading day of the applicable month, however the issuance of such Employer Shares will be deferred by the Corporation for a period of 12 months following the last trading day of such month. The Corporation will purchase such Employer Shares at market.

**Provisions applicable to all grant of Awards**

The aggregate number of Common Shares that may be issued and issuable under the New Plan together with any other securities-based compensation arrangements of the Corporation, as applicable,

- (a) to any one participant, within any one-year period, shall not exceed 10% of the Corporation's outstanding issue from time to time;
- (b) to any one consultant (who is not otherwise an eligible director), within a one-year period shall not exceed 2% of the Corporation's outstanding issue from time to time;
- (c) to eligible persons (as a group) retained to provide investor relations activities, within a one-year period shall not exceed 2% of the Corporation's outstanding issue;
- (d) to insiders (as a group) shall not exceed 10% of the Corporation's outstanding issue from time to time;
- (e) to insiders (as a group) within a one-year period shall not exceed 10% of the Corporation's outstanding issue; and
- (f) to any one insider and his or her associates within any one-year period shall not exceed 5% of the Corporation's outstanding issue from time to time.

In no event will the number of shares that may be issued to any individual under the New Plan (when combined with all of the Corporation's other security based compensation arrangements, as applicable) exceed 5% of the Corporation's outstanding issue from time to time.

The Board has approved the adoption of the New Plan. The formal adoption of the New Plan is subject to disinterested shareholder approval at the Meeting and final Exchange approval.

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

Disinterested shareholders of the Corporation will be asked at the Meeting to pass an ordinary resolution, the text of which will be in substantially the form as follows:

**"RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. *The New Plan (as defined and described in the Corporation's Information Circular dated December 7, 2017), pursuant to which, (i) eligible employees of the Corporation may purchase common shares in the Corporation, and (ii) directors may, from time to time, authorize the issuance of options and restricted share units to certain directors, officers, employees and consultants of the Corporation and its subsidiaries to a maximum of 10% of the issued and outstanding common shares of the Corporation at the time of grant and to a maximum of 800,000 restricted share units, be and is hereby authorized, confirmed and approved, subject to regulatory approval; and*
2. *any one director or officer of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to execute and deliver all other documents and instruments and do all such acts or things, and making all necessary filings with applicable regulatory bodies and stock exchanges, as such director or officer may determine to be necessary or desirable to carry out the foregoing resolutions."*



Disinterested proxies received in favour of management will be voted for the approval of a resolution of disinterested shareholders regarding the approval of the New Plan, unless a shareholder has specified in the proxy that such shares are to be voted against such disinterested resolution.

### **Recommendation of the Directors**

The Board has reviewed the proposed resolution and concluded that it is fair and reasonable to the shareholders and in the best interests of the Corporation.

**The Board recommends that disinterested shareholders vote FOR the resolution to adopt the New Plan.**

### **ADDITIONAL INFORMATION**

Additional information concerning the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.integraresources.com](http://www.integraresources.com).

Financial information relating to the Corporation is provided in the Corporation's audited financial statements and the management discussion and analysis ("MD&A") for the year ended December 31, 2016. Shareholders may download the financial statements and MD&A from SEDAR ([www.sedar.com](http://www.sedar.com)) or contact the Corporation directly to request copies of the financial statements and MD&A by: (i) mail to Suite 200, 82 Richmond Street East, Toronto, Ontario M5C 1P1; (ii) fax to 416-848-0790 or (iii) e-mail to [chris@integraresources.com](mailto:chris@integraresources.com). Additional information concerning the Corporation may be obtained by any shareholder free of charge through the Corporation's website at [www.integraresources.com](http://www.integraresources.com) or by contacting the Corporation at 416-848-0105.

DATED at Vancouver, British Columbia this 7<sup>th</sup> day of December 2017.

### **BY ORDER OF THE BOARD**

George Salamis  
President & CEO

**SCHEDULE A**  
**EQUITY COMPENSATION PLAN, as proposed to be adopted**

See attached.

# INTEGRA RESOURCES CORP.

## EQUITY INCENTIVE PLAN

January 18, 2018

### PART 1 PURPOSE

#### 1.1 Purpose

The purpose of this Plan is to secure for the Company and its shareholders the benefits inherent in share ownership by the employees, consultants and directors of the Company and its affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success. It is generally recognized that equity incentive plans of the nature provided for herein aid in retaining and encouraging individuals of exceptional ability because of the opportunity offered them to acquire a proprietary interest in the Company.

#### 1.2 Available Awards

Awards that may be granted under this Plan include:

- (a) Options; and
- (b) Restricted Share Units.

#### 1.3 Purchase Program

Program Shares may also be purchased by Eligible Employees pursuant to the Purchase Program under this Plan.

### PART 2 INTERPRETATION

#### 2.1 Definitions

- (a) “**Affiliate**” has the meaning set out in the Exchange’s Corporate Finance Manual.
- (b) “**Award**” means any right granted under this Plan, including Options and Restricted Share Units.
- (c) “**BCA**” means the *Business Corporations Act* (Ontario).
- (d) “**Blackout Period**” means an interval of time during which the Company has determined, pursuant to the Company’s internal trading policies, that one or more Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or otherwise prohibited by law from trading any securities of the Company.
- (e) “**Board**” means the board of directors of the Company.
- (f) “**Cashless Exercise Right**” has the meaning set forth in Section 3.5 of this Plan.

- (g) **“Change of Control”** means, in respect of the Company:
- (i) if, as a result of or in connection with the election of directors, the people who were directors (or who were entitled under a contractual arrangement to be directors) of the Company before the election cease to constitute a majority of the Board, unless the directors have been nominated by management, corporate investors, or approved of by a majority of the previously serving directors;
  - (ii) 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 as a single control group or any affiliate (other than a wholly-owned subsidiary of the Company or in connection with a reorganization of the Company) or any one or more directors thereof hereafter “beneficially owns” (as defined in the BCA) directly or indirectly, or acquires the right to exercise control or direction over, voting securities of the Company representing 50% percent or more of the then issued and outstanding voting securities of the Company, as the case may be, in any manner whatsoever;
  - (iii) the sale, assignment, lease or other transfer or disposition of more than 50% percent of the assets of the Company to a Person or any group of two or more Persons acting jointly or in concert (other than a wholly-owned subsidiary of the Company or in connection with a reorganization of the Company);
  - (iv) the occurrence of a transaction requiring approval of the Company’ shareholders whereby the Company is acquired through consolidation, merger, exchange of securities involving all of the Company’ voting securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any Person or any group of two or more Persons acting jointly or in concert (other than a short-form amalgamation of the Company or an exchange of securities with a wholly-owned subsidiary of the Company or a reorganization of the Company); or
  - (v) any sale, lease, exchange, or other disposition of all or substantially all of the assets of the Company other than in the ordinary course of business.

For the purposes of the foregoing, “voting securities” means Shares and any other shares entitled to vote for the election of directors and shall include any securities, whether or not issued by the Company, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors, including any options or rights to purchase such shares or securities.

- (h) **“Code”** means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding guidance thereunder.
- (i) **“Committee”** has the meaning attributed thereto in Section 8.1.

- (j) “**Company**” means Integra Resources Corp., a company incorporated under the laws of Ontario.
- (k) “**Compensation**” means total compensation received by a Participant from the Company or a subsidiary in accordance with the terms of employment during the applicable payroll period.
- (l) “**Consultant**” has the meaning set out in the Exchange’s Corporate Finance Manual.
- (m) “**Deferred Payment Date**” for a Participant means the date after the Restricted Period in respect of Restricted Share Units which is the earlier of (i) the date which the Participant has elected to defer receipt of the underlying Shares in accordance with Section 4.5 of this Plan; and (ii) the Participant’s Separation Date.
- (n) “**Designated Affiliate**” means subsidiaries of the Company designated by the Committee from time to time for purposes of this Plan.
- (o) “**Director Retirement**” in respect of a Participant, means the Participant ceasing to hold any directorships with the Company, any Designated Affiliate and any entity related to the Company for purposes of the *Income Tax Act* (Canada) after attaining a stipulated age in accordance with the Company’s normal retirement policy, or earlier with the Company’s consent.
- (p) “**Director Separation Date**” means the date that a Participant ceases to hold any directorships with the Company and any Designated Affiliate due to a Director Retirement or Director Termination, and also ceases to serve as an employee or consultant with the Company, any Designated Affiliate and any entity related to the Company for the purposes of the *Income Tax Act* (Canada).
- (q) “**Director Termination**” means the removal of, resignation or failure to re-elect an Eligible Director (excluding a Director Retirement) as a director of the Company, a Designated Affiliate and any entity related to the Company for purposes of the *Income Tax Act* (Canada).
- (r) “**Discounted Market Price**” has the meaning set out in the Exchange’s Corporate Finance Manual.
- (s) “**Disinterested Shareholder Approval**” means a majority of the votes attached to Shares held by shareholders of the Company, but excluding those persons with an interest in the subject matter of the resolution, as set out in the Exchange’s Corporate Finance Manual.
- (t) “**Effective Date**” has the meaning set forth in Section 7.7.
- (u) “**Eligible Consultant**” means Consultants who are entitled to receive equity incentives pursuant to the Rules of the Exchange.
- (v) “**Eligible Directors**” means the directors of the Company or any Designated Affiliate who are, as such, eligible for participation in this Plan.

- (w) **“Eligible Employees”** means employees (including officers and directors) of the Company or any Designated Affiliate thereof, whether or not they have a written employment contract with Company, determined by the Committee; upon recommendation of the Committee, as employees eligible for participation in this Plan. Eligible Employees shall include Service Providers eligible for participation in this Plan as determined by the Committee.
- (x) **“Eligible Person”** means an Eligible Employee, Eligible Consultant or Eligible Director.
- (y) **“Employer Contribution”** means, in respect of a Program Participant, an amount equal to, at the Board’s sole option, up to 100% of the Program Shares purchased under the Purchase Program by the Program Agent on behalf of the Program Participant for the applicable payroll period.
- (z) **“Employer Shares”** has the meaning set forth in Section 5.20.
- (aa) **“Exchange”** means the TSX Venture Exchange.
- (bb) **“Insider”** has the meaning set out in the Exchange’s Corporate Finance Manual.
- (cc) **“Investor Relations Activities”** has the meaning set out in the Exchange’s Corporate Finance Manual.
- (dd) **“Market Price”** has the meaning set out in the Exchange’s Corporate Finance Manual.
- (ee) **“Option”** means an option granted under the terms of this Plan.
- (ff) **“Option Period”** means the period during which an Option is outstanding.
- (gg) **“Option Shares”** has the meaning set forth in Section 3.5 of this Plan.
- (hh) **“Optionee”** means an Eligible Person to whom an Option has been granted under the terms of this Plan.
- (ii) **“Participant”** means an Eligible Person who participates in this Plan.
- (jj) **“Person”** includes any individual and any corporation, company, partnership, governmental authority, joint venture, association, trust, or other entity.
- (kk) **“Plan”** means this Equity Incentive Plan, as it may be amended and restated from time to time.
- (ll) **“Program Participant”** means an Eligible Employee who participates in the Purchase Program.
- (mm) **“Program Shares”** means Shares purchased pursuant to the Purchase Program.
- (nn) **“Program Agent”** means the agent appointed by the Company from time to time to administer the Purchase Program.

- (oo) **“Purchase Program”** means the purchase program for Eligible Employee to purchase Program Shares as set out herein.
- (pp) **“Redemption Date”** has the meaning set forth in Section 4.12 of this Plan.
- (qq) **“Redemption Notice”** has the meaning set forth in Section 4.12 of this Plan.
- (rr) **“Restricted Period”** means any period of time that a Restricted Share Unit is not vested and the Participant holding such Restricted Share Unit remains ineligible to receive the relevant Shares, determined by the Board in its absolute discretion, however, such period of time may be reduced or eliminated from time to time and at any time and for any reason as determined by the Board, including, but not limited to, circumstances involving death or disability of a Participant.
- (ss) **“Retirement”** in respect of an Eligible Employee, means the Eligible Employee ceasing to hold any employment with the Company or any Designated Affiliate after attaining a stipulated age in accordance with the Company’s normal retirement policy, or earlier with the Company’s consent.
- (tt) **“Restricted Share Unit”** has such meaning as ascribed to such term at Section 4.1 of this Plan.
- (uu) **“Restricted Share Unit Grant Letter”** has the meaning ascribed to such term in Section 4.3 of this Plan.
- (vv) **“Separation Date”** means the date that a Participant ceases to be an Eligible Person.
- (ww) **“Service Provider”** means any person or company engaged by the Company or a Designated Affiliate to provide services for an initial, renewable or extended period of 12 months or more.
- (xx) **“Shares”** means the common shares of the Company.
- (yy) **“Specified Employee”** means a U.S. Taxpayer who meets the definition of “specified employee”, as defined in Section 409A(a)(2)(B)(i) of the Internal Revenue Code.
- (zz) **“Tax Obligations”** means the amount of all withholding required under any governing tax law with respect to the payment of any amount with respect to the redemption of a Restricted Share Unit, including amounts funded by the Company on behalf of previous withholding tax payments and owed by the Participant to the Company or with respect to the exercise of an Option, as applicable.
- (aaa) **“Termination”** means the termination of the employment (or consulting services) of an Eligible Employee or Eligible Consultant with or without cause by the Company or a Designated Affiliate or the cessation of employment (or consulting services) of the Eligible Employee or Eligible Consultant with the Company or a

Designated Affiliate as a result of resignation or otherwise, other than the Retirement of the Eligible Employee.

- (bbb) **“Trading Day”** means a day on which the Shares are traded on the Exchange or, in the event that the Shares are not traded on the Exchange, such other stock exchange on which the Shares are then traded.
- (ccc) **“US Taxpayer”** means a Participant who is a US citizen, US permanent resident or other person who is subject to taxation on their income under the United States Internal Revenue Code of 1986.

## **2.2 Interpretation**

- (a) This Plan is created under and is to be governed, construed and administered in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (b) Whenever the Board or Committee is to exercise discretion in the administration of the terms and conditions of this Plan, the term **“discretion”** means the sole and absolute discretion of the Board or Committee.
- (c) As used herein, the terms **“Part”** or **“Section”** mean and refer to the specified Part or Section of this Plan, respectively.
- (d) Where the word **“including”** or **“includes”** is used in this Plan, it means “including (or includes) without limitation”.
- (e) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.
- (f) Unless otherwise specified, all references to money amounts are to Canadian dollars.

## **PART 3 STOCK OPTIONS**

### **3.1 Participation**

The Company may from time to time grant Options to Participants pursuant to this Plan.

### **3.2 Price**

The exercise price per Share of any Option shall be not less than one hundred per cent (100%) of the Market Price on the date of grant.

### **3.3 Grant of Options**

The Board, on the recommendation of the Committee, may at any time authorize the granting of Options to such Participants as it may select for the number of Shares that it shall designate, subject to the provisions of this Plan. The date of grant of an Option shall, unless otherwise determined by the Board, be (i) the date such grant was approved by the Committee for recommendation to the Board, provided the Board approves such grant; or (ii) for a grant of an



Option not approved by the Committee for recommendation to the Board, the date such grant was approved by the Board.

Each Option granted to a Participant shall be evidenced by a stock option agreement with terms and conditions consistent with this Plan and as approved by the Board on the recommendation of the Committee (which terms and conditions need not be the same in each case and may be changed from time to time, subject to Section 7.8 of this Plan, and the approval of any material changes by the Exchange or such other exchange or exchanges on which the Shares are then traded).

In respect of Options granted to Participants pursuant to this Plan, the Company is representing herein and in the applicable stock option agreement that the Participant is a bona fide Eligible Person of the Company or its subsidiary.

### **3.4 Terms of Options**

The Option Period shall be five years from the date such Option is granted or such greater or lesser duration as the Board, on the recommendation of the Committee, may determine at the date of grant, and may thereafter be reduced with respect to any such Option as provided in Section 3.6 hereof covering termination of employment or death of the Optionee; provided, however, that at any time the expiry date of the Option Period in respect of any outstanding Option under this Plan should be determined to occur either during a Blackout Period imposed by the Company or within ten business days following the expiry of the Blackout Period, the expiry date of such Option Period shall be deemed to be the date that is the tenth business day following the expiry of the Blackout Period.

Unless otherwise determined from time to time by the Board, on the recommendation of the Committee, Options shall vest and may be exercised (in each case to the nearest full Share) during the Option Period as follows:

- (a) for an Eligible Employee, annually over a thirty-six month period, with one-third of the Options vesting on the date which is twelve months after grant, and an additional one-third each twelve months thereafter; and
- (b) for an Eligible Director, annually over a twenty-four month period, with one-third of the Options vesting on the date of grant, and an additional one-third each twelve months thereafter.

Except as set forth in Section 3.6, no Option may be exercised unless the Optionee is at the time of such exercise:

- (a) in the case of an Eligible Employee, in the employ (or retained as a Service Provider) of the Company or a Designated Affiliate and shall have been continuously so employed or retained since the grant of the Option;
- (b) in the case of an Eligible Consultant, a Consultant of the Company or a Designated Affiliate and shall have been such a Consultant continuously since the grant of the Option; or
- (c) in the case of an Eligible Director, a director of the Company or a Designated Affiliate and shall have been such a director continuously since the grant of the Option.

The exercise of any Option will be contingent upon the Optionee having entered into an Option agreement with the Company on such terms and conditions as have been approved by the Board, on the recommendation of the Committee, and which incorporates by reference the terms of this Plan. The exercise of any Option will, subject to Section 3.5, also be contingent upon receipt by the Company of cash payment of the full purchase price of the Shares being purchased.

In accordance with applicable securities legislation and the provisions of the policies of the Exchange, Shares issuable upon exercise of the Options may be subject to a hold period or trading restrictions.

### **3.5 Cashless Exercise Right**

Unless prohibited by the Exchange, Participants have the right (the “**Cashless Exercise Right**”), in lieu of the right to exercise an Option, to terminate such Option in whole or in part by notice in writing delivered by the Participant to the Company electing to exercise the Cashless Exercise Right and, in lieu of receiving the Shares (the “**Option Shares**”) to which such terminated Option relates, to receive the number of Shares, disregarding fractions, which is equal to the quotient obtained by:

- (a) subtracting the applicable Option exercise price per Share from the Market Price per Share on the business day immediately prior to the exercise of the Cashless Exercise Right and multiplying the remainder by the number of Option Shares;
- (b) subtracting from the amount obtained under 3.5(a) that amount of Tax Obligations applicable to the Option Shares; and
- (c) dividing the net amount obtained under subsection 3.5(b) by the Market Price per Share on the business day immediately prior to the exercise of the Cashless Exercise Right.

If a Participant exercises a Cashless Exercise Right in connection with an Option, it is exercisable only to the extent and on the same conditions that the related Option is exercisable under this Plan.

### **3.6 Effect of Termination of Employment or Death**

If an Optionee:

- (a) dies while employed by, a Consultant to or while a director of the Company or a Designated Affiliate, any Option held by him or her at the date of death shall become exercisable in whole or in part, but only by the person or persons to whom the Optionee’s rights under the Option shall pass by the Optionee’s will or applicable laws of descent and distribution. Unless otherwise determined by the Board, on the recommendation of the Committee, all such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her death and only for 12 months after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner; and
- (b) ceases to be employed by, a Consultant to or act as a director of the Company or a Designated Affiliate for cause, no Option held by such Optionee will, unless

otherwise determined by the Board, on the recommendation of the Committee, be exercisable following the date on which such Optionee ceases to be so engaged. If an Optionee ceases to be employed by, a Service Provider to or act as a director of the Company or a Designated Affiliate for any reason other than cause then, unless otherwise determined by the Board, on the recommendation of the Committee, any Option held by such Optionee at the effective date thereof shall become exercisable for a period of up to 12 months thereafter or prior to the expiration of the Option Period in respect thereof, whichever is sooner.

### **3.7 Reduction in Exercise Price**

Disinterested Shareholder Approval (as required by the Exchange) will be obtained for any reduction in the exercise price of any Option granted under this Plan if the holder thereof is an Insider of the Company at the time of the proposed amendment.

### **3.8 Change of Control**

In the event of a Change of Control, all Options outstanding shall vest immediately and be settled by the issuance of Shares or cash, except Options granted to Eligible Consultants performing Investor Relations Activities, unless prior Exchange approval is obtained.

## **PART 4 RESTRICTED SHARE UNITS**

### **4.1 Participants**

The Company has the right to grant, in its sole and absolute discretion, to any Participant, rights to receive any number of fully paid and non-assessable Shares ("**Restricted Share Units**") as a discretionary payment in consideration of past services to the Company or as an incentive for future services, subject to this Plan and with such additional provisions and restrictions as the Board may determine.

### **4.2 Maximum Number of Shares**

The aggregate maximum number of Shares available for issuance from treasury underlying Restricted Shares Units under this Plan, subject to adjustment pursuant to Section 7.3, shall not exceed 800,000 Shares. Any Shares subject to a Restricted Share Unit which has been granted under the Plan and which has been cancelled or terminated in accordance with the terms of the Plan without the applicable Restricted Period having expired will again be available under the Plan.

Such aggregate maximum number of Shares subject to Restricted Share Units which have been granted under this Plan shall be subject to the approval of the disinterested shareholders of the Company to be given by a resolution passed at a meeting of the shareholders of the Corporation and acceptance by the Exchange or any regulatory authority having jurisdiction over the securities of the Company.

The aggregate maximum number of Shares underlying Restricted Share Units under this Plan that may be issued to any one Participant: (i) at the time of grant shall not exceed 1% of the Company's issued and outstanding Shares; and (ii) within a 12 month period shall not exceed 2% of the Company's issued and outstanding Shares.

#### **4.3 Restricted Share Unit Grant Letter**

Each grant of a Restricted Share Unit under this Plan shall be evidenced by a grant letter (a “**Restricted Share Unit Grant Letter**”) issued to the Participant by the Company. Such Restricted Share Unit Grant Letter shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and which the Board, on the recommendation of the Committee, deems appropriate for inclusion in a Restricted Share Unit Grant Letter. The provisions of the various Restricted Share Unit Grant Letters issued under this Plan need not be identical.

#### **4.4 Restricted Period**

Concurrent with the determination to grant Restricted Share Units to a Participant, the Board, on the recommendation of the Committee, shall determine the Restricted Period applicable to such Restricted Share Units. In addition, at the sole discretion of the Board, at the time of grant, the Restricted Share Units may be subject to performance conditions to be achieved by the Company or a class of Participants or by a particular Participant on an individual basis, within a Restricted Period, for such Restricted Share Units to entitle the holder thereof to receive the underlying Shares.

#### **4.5 Deferred Payment Date**

Participants who are residents of Canada for the purposes of the *Income Tax Act* (Canada) and not a US Taxpayer may elect to defer to receive all or any part of the Shares underlying Restricted Share Units until one or more Deferred Payment Dates. Any other Participants may not elect a Deferred Payment Date.

#### **4.6 Prior Notice of Deferred Payment Date**

Participants who elect to set a Deferred Payment Date must give the Company written notice of the Deferred Payment Date(s) not later than thirty (30) days prior to the expiration of the Restricted Period. For certainty, Participants shall not be permitted to give any such notice after the day which is thirty (30) days prior to the expiration of the Restricted Period and a notice once given may not be changed or revoked.

#### **4.7 Retirement or Termination during Restricted Period**

In the event and to the extent of the Retirement or Termination and/or, as applicable, the Director Retirement or Director Termination of a Participant from all such roles with the Company during the Restricted Period, any Restricted Share Units held by the Participant shall immediately terminate and be of no further force or effect; provided, however, that the Board shall have the absolute discretion to modify the grant of the Restricted Share Units to provide that the Restricted Period shall terminate immediately prior to the date of such occurrence.

#### **4.8 Retirement or Termination after Restricted Period**

In the event and to the extent of the Retirement or Termination and/or, as applicable, the Director Retirement or Director Termination of the Participant from all such roles with the Company following the Restricted Period and prior to a Deferred Payment Date, the Participant

shall be entitled to receive, and the Company shall issue forthwith, Shares in satisfaction of the Restricted Share Units then held by the Participant.

#### **4.9 Death or Disability of Participant**

In the event of the death or total disability of a Participant, any Shares represented by Restricted Share Units held by the Participant shall be immediately issued by the Company to the Participant or legal representative of the Participant.

#### **4.10 Payment of Dividends**

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Company on the Shares, a Participant may be credited with additional Restricted Share Units. The number of such additional Restricted Share Units, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Participant if the Restricted Share Units (including Restricted Share Units in which the Restricted Period has expired but the Shares have not been issued due to a Deferred Payment Date) in the Participant's account on the dividend record date had been outstanding Shares (and the Participant held no other Shares) by (b) the Market Price of the Shares on the date on which such dividends were paid.

#### **4.11 Change of Control**

In the event of a Change of Control, all Restricted Share Units outstanding shall vest immediately and be settled by the issuance of Shares or cash notwithstanding the Restricted Period and any Deferred Payment Date.

#### **4.12 Redemption of Restricted Share Units**

Except to the extent prohibited by the Exchange, upon expiry of the applicable Restricted Period (or on the Deferred Payment Date, as applicable) (the "**Redemption Day**"), the Company shall redeem Restricted Share Units in accordance with the election made in a written notice (the "**Redemption Notice**") given by the Participant to the Company by:

- (a) issuing to the Participant one Share for each Restricted Share Unit redeemed provided the Participant makes payment to the Company of an amount equal to the Tax Obligation required to be remitted by the Company to the taxation authorities as a result of the redemption of the Restricted Share Units;
- (b) issuing to the Participant one Share for each Restricted Share Unit redeemed and either (i) selling, or arranging to be sold, on behalf of the Participant, such number of Shares issued to the Participant as to produce net proceeds available to the Company equal to the applicable Tax Obligation so that the Company may remit to the taxation authorities an amount equal to the Tax Obligation, or (ii) receiving from the Participant at the time of issuance of the Shares an amount equal to the applicable Tax Obligation;
- (c) subject to the discretion of the Company, paying in cash to, or for the benefit of, the Participant, the value of any Restricted Share Units being redeemed, less any applicable Tax Obligation; or
- (d) a combination of any of the Shares or cash in (a), (b) or (c) above.

The Shares shall be issued and the cash, if any, shall be paid as a lump-sum by the Company within ten business days of the date the Restricted Share Units are redeemed pursuant to this Part 4. A Participant shall have no further rights respecting any Restricted Share Unit which has been redeemed in accordance with this Plan.

## **PART 5 EMPLOYEE SHARE PURCHASE PROGRAM**

### **5.1 Enrolment**

An Eligible Employee may enter the Purchase Program by providing written notice to the Company (in the form prescribed by the Company) of the Eligible Employee's intention to enrol in the Purchase Program. In the written notice, the Program Participant shall specify his or her contribution amount as set out in Sections 5.8 and 5.9 of this Plan. Subject to the restrictions under the Company's blackout policy and compliance with securities laws, such authorization will take effect three weeks after the Company receives written notice and the Program Participant will be eligible to participate under the Purchase Program as of the next practicable payroll period in accordance with Section 5.8. Unless a Program Participant authorizes changes to his or her payroll deductions in accordance with Section 5.9 or withdraws from the Purchase Program, his or her deductions under the latest authorization on file with the Company shall continue from one payroll period to the succeeding payroll period as long as the Purchase Program remains in effect.

### **5.2 Restrictions**

The Company may deny or delay the right to participate in the Purchase Program to any Eligible Employee if such participation would cause a violation of any applicable laws or the Company's blackout policy.

### **5.3 Change of Control**

Upon the occurrence of a Change of Control, unless otherwise resolved by the Board, any enrolment in the Purchase Program will be deemed to have ceased immediately prior to the Change of Control and the amounts to be contributed to the Purchase Program shall not be used under the Purchase Program.

### **5.4 Administration of the Purchase Program**

The Company may, from time to time, appoint a Program Agent to administer the Program on behalf of the Company and the Program Participants, pursuant to an agreement between the Company and the Program Agent which may be terminated by the Company or the Program Agent in accordance with its terms.

### **5.5 Dealing in the Company's Securities**

The Program Agent may, from time to time, for its own account or on behalf of accounts managed by them, deal in securities of the Company. The Program Agent shall not deal in the Program Shares under the Purchase Program unless in accordance with the terms of this Program and shall not purchase for or sell to any account for which it is acting as principal.

## **5.6 Adherence to Regulation**

The Program Agent is required to comply with applicable laws, orders or regulations of any governmental authority which impose on the Program Agent a duty to take or refrain from taking any action under the Purchase Program and to permit any properly authorized person to have access to and to examine and make copies of any records relating to the Purchase Program.

## **5.7 Resignation of Program Agent**

The Program Agent may resign as Program Agent under the Purchase Program in accordance with the agreement between the Company and the Program Agent, in which case the Company will appoint another agent as the Program Agent.

## **5.8 Payroll Deduction**

Eligible Employees may enter the Purchase Program by authorizing payroll deductions to be made for the purchase of Program Shares. A Program Participant may contribute, on a per pay period basis, between one percent (1%) to five percent (5%) of a Program Participant's Compensation on each payday. All payroll deductions made by a Program Participant, after the Company has affected the necessary tax withholdings as required by law, shall be credited to his or her account under the Purchase Program. A Program Participant may not make any additional payments into such account.

## **5.9 Variation in Amount of Payroll Deduction**

A Program Participant may authorize increases or decreases in the amount of payroll deductions subject to the minimum and maximum percentages set out in Section 5.8. In order to effect such a change in the amount of the payroll deductions, the Company must receive a minimum of three weeks written notice of such change in the manner specified by the Company.

## **5.10 Purchase of Program Shares**

Program Shares purchased under the Purchase Program shall be purchased on the open market by the Program Agent. As soon as practicable following each pay period, the Company shall remit the total contributions to the Program Agent for the purchase of the Program Shares. The Program Agent will then execute the purchase order and shall allocate Program Shares (or fraction thereof) to each Program Participant's individual recordkeeping account. In the event the purchase of Program Shares takes place over a number of days and at different prices, then each Program Participant's allocation shall be adjusted on the basis of the average price per Program Share over such period.

## **5.11 Commissions and Administrative Costs**

Commissions relating to the purchase of the Program Shares under the Purchase Program will be deducted from the total contributions submitted to the Program Agent. The Company will pay all other administrative costs associated with the implementation and operation of the Purchase Program.

## **5.12 Program Shares to be held by Program Agent**

The Program Shares purchased under the Purchase Program shall be held by the Program Agent an account on behalf of the Program Participants. Program Participants shall receive

quarterly statements that will evidence all activity in the accounts that have been established on their behalf. Such statements will be issued by the Program Agent. In the event a Program Participant wishes to hold certificates in his or her own name, the Program Participant must instruct the Program Agent independently and bear the costs associated with the issuance of such certificates and pay, if required, a fee for each certificate so issued. Fractional Program Shares shall be liquidated on a cash basis only in lieu of the issuance of certificates for such fractional Program Shares upon the Program Participant's withdrawal from the Purchase Program. For avoidance of doubt, Program Participants will be the beneficial shareholders of the Program Shares purchased on their behalf in the Purchase Program and shall have all the rights to vote and to dividends and other rights inherent to being shareholders.

### **5.13 Sale of Program Shares**

Subject to the Company's blackout policy and applicable laws, each Program Participant may sell at any time all or any portion of the Program Shares acquired under the Purchase Program and held by the Program Agent by notifying the Program Agent who will execute the sale on behalf of the Program Participant, provided that the Program Participant shall have held such Program Shares for a minimum period of 12 months. The Program Participant shall pay commission and any other expenses incurred with regard to the sale of the Program Shares. All such sales of the Program Shares will be subject to compliance with any applicable federal or state securities, tax or other laws. Each Program Participant assumes the risk of any fluctuations in the market price of the Program Shares.

### **5.14 Withdrawal**

Upon the Company receiving three weeks prior written notice, a Program Participant may cease making contributions to the Purchase Program at any time by changing his or her payroll deduction to zero. If the Program Participant desires to withdraw from the Purchase Program by liquidating all or part of his or her shareholder interest, the Program Participant must contact the Program Agent directly and the Program Participant shall receive the proceeds from the sale less commission and other expenses on such sale.

### **5.15 Termination of Rights under the Purchase Program**

The Program Participant's rights under the Purchase Program will terminate when he or she ceases to be an eligible Participant due to retirement, resignation, death, termination or any other reason. A notice of withdrawal will be deemed to have been received from a Program Participant on the day of his or her final payroll deduction. If a Program Participant's payroll deductions are interrupted by any legal process, a withdrawal notice will be deemed as having been received on the day the interruption occurs.

### **5.16 Disposition of Program Shares**

In the event of the Program Participant's termination of rights under Section 5.15 of this Plan, the Program Participant will be required to:

- (a) sell any shares then remaining in the Program Participant's account;
- (b) transfer all remaining shares to an individual brokerage account; or
- (c) request the Company's transfer agent to issue a share certificate to the Program Participant for any shares remaining in the Program Participant's account.



### **5.17 Fractional Program Shares and Unused Amounts**

Any fractional shares remaining in the Program Participant's account will be sold and the proceeds will be sent to the Program Participant. Any contributed cash amounts in the Program Participant's account will be returned to the Program Participant.

### **5.18 Failure to Notify**

If the Program Participant does not select any of the options set out in Section 5.16 within 30 days, the Program Participant will be sent a certificate representing his or her whole Program Shares. The Program Participant will also receive a check equal to your proceeds from the sale of any fractional shares, less applicable transaction and handling fees.

### **5.19 Termination or Amendment of the Purchase Program**

Subject to regulatory or Exchange approval, the Board may amend, suspend, in whole or in part, or terminate the Purchase Program upon notice to the Program Participants without their consent or approval. If the Purchase Program is terminated, the Program Agent will send to each Program Participant a certificate for whole Program Shares under the Purchase Program together with payment for any fractional Program Shares, and the Company or the Program Agent, as the case may be, will return all payroll deductions and other cash not used in the purchase of the Program Shares. If the Purchase Program is suspended, the Program Agent will make no purchase of the Program Shares following the effective date of such suspension and all payroll deductions and cash not used in the purchase of the Program Shares will remain on the Program Participant's account with the Program Agent until the Purchase Program is re-activated.

### **5.20 Employer Contributions**

During the first payroll period after a Program Participant has delivered his or her payroll deduction authorization or participation notice in accordance with Section 5.1, the Company, at its sole option, may record its obligation to make an Employer Contribution to the Program Participant's account in accordance with the terms of the Purchase Program. Program Shares purchased with Employer Contributions will be designated as "**Employer Shares**" and the number of Employer Shares to be issued to a Program Participant and credited to the Program Participant's account under the Purchase Program shall be at the option of the Board and based on the Market Price for the Program Shares on the last Trading Day of the applicable month, however the issuance of such Employer Shares will be deferred by the Company for a period of 12 months following the last Trading Day of such month, subject to Section 5.15. The Company will purchase such Employer Shares at market.

## **PART 6 WITHHOLDING TAXES**

### **6.1 Withholding Taxes**

The Company or any Designated Affiliate may take such steps as are considered necessary or appropriate for the withholding of any taxes or other amounts which the Company or any Designated Affiliate is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Award including, without limiting the generality of the foregoing, the withholding of all or any portion of any payment or the withholding of the issue of any Shares to be issued under this Plan, until such time as the Participant has paid the

Company or any Designated Affiliate for any amount which the Company or Designated Affiliate is required to withhold by law with respect to such taxes or other amounts. Without limitation to the foregoing, the Board may adopt administrative rules under this Plan, which provide for the automatic sale of Shares (or a portion thereof) in the market upon the issuance of such Shares under this Plan on behalf of the Participant to satisfy withholding obligations under an Award.

## **PART 7 GENERAL**

### **7.1 Number of Shares**

The aggregate number of Shares that may be issued under this Plan (together with any other securities-based compensation arrangements of the Company in effect from time to time, which for this purpose includes outstanding options from the Company's former stock option plan (the "**Original Plan**")) shall not exceed 10% of the outstanding issue from time to time, such Shares to be allocated among Awards and Participants in amounts and at such times as may be determined by the Board from time to time. In addition, the aggregate number of Shares that may be issued and issuable under this Plan (when combined with all of the Company's other security based compensation arrangements, as applicable),

- (a) to any one Participant, within any one-year period shall not exceed 5% of the Company's outstanding issue, unless the Company has received Disinterested Shareholder Approval;
- (b) to any one Consultant (who is not otherwise an Eligible Director), within a one-year period shall not exceed 2% of the Company's outstanding issue;
- (c) to Eligible Persons (as a group) retained to provide Investor Relations Activities, within a one-year period shall not exceed 2% of the Company's outstanding issue;
- (d) to Insiders (as a group) shall not exceed 10% of the Company's outstanding issue from time to time;
- (e) to Insiders (as a group) within any one-year period shall not exceed 10% of the Company's outstanding issue; and
- (f) to any one Insider and his or her associates or Affiliates within any one-year period shall not exceed 5% of the Company's outstanding issue from time to time.

In no event will the number of Shares that may be issued to any one Participant pursuant to Awards under this Plan (when combined with all of the Company's other security based compensation arrangement, as applicable) exceed 5% of the Company's outstanding issue from time to time.

For the purposes of this Section 7.1, "outstanding issue" means the total number of Shares, on a non-diluted basis, that are issued and outstanding immediately prior to the date that any Shares are issued or reserved for issuance pursuant to an Award.

## **7.2 Lapsed Awards**

If Awards are surrendered, terminated or expire without being exercised in whole or in part, new Awards may be granted covering the Shares not issued under such lapsed Awards, subject to any restrictions that may be imposed by the Exchange.

## **7.3 Adjustment in Shares Subject to this Plan**

If there is any change in the Shares through the declaration of stock dividends of Shares, through any consolidations, subdivisions or reclassification of Shares, or otherwise, the number of Shares available under this Plan, the Shares subject to any Award, and the exercise price of any Option shall be adjusted as determined to be appropriate by the Board, and such adjustment shall be effective and binding for all purposes of this Plan.

## **7.4 Non-Transferability**

Any Awards accruing to any Participant in accordance with the terms and conditions of this Plan shall not be transferable or assignable to anyone unless specifically provided herein. During the lifetime of a Participant all Awards may only be exercised by the Participant. Awards are non-transferable and non-assignable except by will or by the laws of descent and distribution.

## **7.5 Employment**

Nothing contained in this Plan shall confer upon any Participant any right with respect to employment or continuance of employment with the Company or any Affiliate, or interfere in any way with the right of the Company or any Affiliate to terminate the Participant's employment at any time. Participation in this Plan by a Participant is voluntary.

## **7.6 Record Keeping**

The Company shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant;
- (b) the number of Awards granted to each Participant and relevant details regarding such Awards; and
- (c) such other information as the Board may determine.

## **7.7 Necessary Approvals**

The issue of Shares under this Plan is prohibited until the date that the Company obtains approval of this Plan (a) by an ordinary resolution passed at a meeting of the shareholders of the Company; and (b) by the Exchange (collectively, the "**Effective Date**"). Notwithstanding the foregoing, the Board may issue Awards prior to the Effective Date, with all such Awards subject to the following additional restrictions unless and until the occurrence of the Effective Date: (a) all Awards will be prohibited from being converted or exchanged for Shares; (b) all Awards will terminate upon a Change of Control or upon either the shareholders of the Company or the Exchange failing to approve this Plan.

## **7.8 Amendments to Plan**

The Board shall have the power to, at any time and from time to time, either prospectively or retrospectively, amend, suspend or terminate this Plan or any Award granted under this Plan without shareholder approval, including, without limiting the generality of the foregoing: changes of a clerical or grammatical nature, changes regarding the persons eligible to participate in this Plan, changes to the exercise price, vesting, term and termination provisions of the Award, changes to the cashless exercise right provisions, changes to the authority and role of the Board under this Plan, and any other matter relating to this Plan and the Awards that may be granted hereunder, provided however that:

- (a) such amendment, suspension or termination is in accordance with applicable laws and the rules of any stock exchange on which the Shares are listed;
- (b) no amendment to this Plan or to an Award granted hereunder will have the effect of impairing, derogating from or otherwise adversely affecting the terms of an Award which is outstanding at the time of such amendment without the written consent of the holder of such Award;
- (c) the expiry date of an Option Period in respect of an Option shall not be more than ten years from the date of grant of an Option except as expressly provided in Section 3.4;
- (d) the Directors shall obtain shareholder approval of:
  - (i) any amendment to the number of Shares specified in subsection 7.1;
  - (ii) any amendment to the limitations on Shares that may be reserved for issuance, or issued, to Insiders; or
  - (iii) any amendment that would reduce the exercise price of an outstanding Option other than pursuant to Section 7.3; and
  - (iv) any amendment that would extend the expiry date of the Option Period in respect of any Option granted under this Plan except as expressly contemplated in subsection 3.4.

If this Plan is terminated, the provisions of this Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Award or any rights pursuant thereto remain outstanding and, notwithstanding the termination of this Plan, the Board shall remain able to make such amendments to this Plan or the Award as they would have been entitled to make if this Plan were still in effect.

## **7.9 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of this Plan.

### **7.10 Section 409A**

It is intended that any payments under the Plan to US Taxpayers shall be exempt from or comply with Section 409A of the Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes and penalties under Section 409A of the Code.

### **7.11 Compliance with Applicable Law, etc.**

If any provision of this Plan or any agreement entered into pursuant to this Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Company or this Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

### **7.12 Term of the Plan**

This Plan shall remain in effect until it is terminated by the Board. This Plan and all Awards issued hereunder will terminate immediately without any further action if the shareholder resolution required to trigger the Effective Date is not approved by the shareholders or if the Exchange determines not to approve this Plan.

## **PART 8 ADMINISTRATION OF THIS PLAN**

### **8.1 Administration by the Committee**

- (a) Unless otherwise determined by the Board or set out herein, this Plan shall be administered by the Compensation Committee (the “**Committee**”) appointed by the Board and constituted in accordance with such Committee’s charter.
- (b) The Committee shall have the power, where consistent with the general purpose and intent of this Plan and subject to the specific provisions of this Plan, to:
  - (i) adopt and amend rules and regulations relating to the administration of this Plan and make all other determinations necessary or desirable for the administration of this Plan. The interpretation and construction of the provisions of this Plan and related agreements by the Committee shall be final and conclusive. The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any related agreement in the manner and to the extent it shall deem expedient to carry this Plan into effect and it shall be the sole and final judge of such expediency; and
  - (ii) otherwise exercise the powers delegated to the Committee by the Board and under this Plan as set forth herein.

### **8.2 Board Role**

- (a) The Board, on the recommendation of the Committee, shall determine and designate from time to time the individuals to whom Awards shall be made, the amounts of the Awards and the other terms and conditions of the Awards.

- (b) The Board may delegate any of its responsibilities or powers under this Plan to the Committee, provided that the grant of all Awards under this Plan shall be subject to the approval of the Board. No Award shall be exercisable in whole or in part unless and until such approval is obtained.
- (c) In the event the Committee is unable or unwilling to act in respect of a matter involving this Plan, the Board shall fulfill the role of the Committee provided for herein.

## **PART 9 TRANSITION**

### **9.1 Replacement of Original Plans**

Subject to Section 9.2, as of the Effective Date, this Plan replaces the Original Plans and, after the Effective Date, no further options or restricted share units will be granted under the Original Plans.

### **9.2 Outstanding Options and Restricted Share Units under the Original Plans**

Notwithstanding Section 9.1 but subject to the “Blackout Period” provisions of Section 3.4 hereunder, all Options and Restricted Share Units previously granted under the Original Plans prior to the Effective Date that remain outstanding after the Effective Date will, effective as of the Effective Date, be governed by the terms of this Plan and not by the terms of the Original Plans.

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**George Salamis**  
**President & Chief Executive Officer**



