



CAPITAN SILVER CORP

CAPITAN SILVER CORP.

NOTICE OF 2026 ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 12, 2026

AND

MANAGEMENT INFORMATION CIRCULAR

DATED MAY 7, 2026

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CAPITAN SILVER CORP.

**550-800 West Pender Street,
Vancouver, BC, Canada, V6C 2V6**

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE that an annual general and special meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of **CAPITAN SILVER CORP.** (the "**Company**") will be held at 550-800 West Pender Street, Vancouver, British Columbia, V6C 2V6, on June 12, 2026 at 11:00 a.m. (Vancouver time) for the following purposes:

1. to receive and consider the audited financial statements of the Company for the fiscal year ended September 30, 2025, together with the auditors' report thereon, and the unaudited interim financial statements of the Company for the interim period ended December 31, 2025;
2. to elect the four (4) directors of the Company for a term that expires at the 2027 annual general meeting of Shareholders;
3. to re-appoint Davidson & Company LLP as auditor of the Company for the ensuing year and to authorize the directors to fix the auditor's remuneration;
4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution (the "**Shareholder Rights Plan Resolution**") approving and ratifying the Company entering into the shareholder rights plan agreement (the "**Shareholder Rights Plan Agreement**") with Olympia Trust Company as rights agent and adopting the shareholder rights plan (the "**Shareholder Rights Plan**") pursuant thereto;
5. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution (the "**Omnibus Plan Resolution**") approving and ratifying the Company's omnibus equity incentive plan (the "**Omnibus Plan**");
6. in the event the Omnibus Plan Resolution is not approved, to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution (the "**Existing Stock Option Plan Resolution**") approving the Company's 10% rolling stock option plan, as more particularly described in the Information Circular (as defined hereunder); and
7. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The board of directors of the Company (the "**Board**") has fixed April 28, 2026, as the record date (the "**Record Date**") for determining the Shareholders who are entitled to receive notice of and vote at the Meeting. Only Shareholders whose names have been entered in the registers of the Company as at the close of business on the Record Date will be entitled to receive notice of and vote at the Meeting.

As a Shareholder, it is very important that you read the accompanying management information circular dated May 7, 2026 (the "Information Circular") and other Meeting Materials (as defined hereunder) carefully. They contain important information with respect to voting your common shares in the capital of the Company and attending and participating at the Meeting.

Notice-and-Access

The Company is using notice-and-access ("**Notice-and-Access**") to distribute the Company's audited financial statements for the twelve-month period ended September 30, 2025, the report of the auditors thereon, the unaudited interim financial statements of the Company for the interim period ended December 31, 2025, the related management discussion & analysis, the Information Circular and any other proxy-related materials to Shareholders (the "**Meeting Materials**"). Notice-and-Access is a set of rules established by the Canadian Securities Administrators that allows

reporting issuers to post electronic versions of proxy-related materials rather than mailing paper copies to Shareholders. The use of Notice-and-Access will reduce the Company's printing and mailing costs and is more environmentally friendly as it will help to reduce paper use.

The Meeting Materials are available electronically under the Company's SEDAR+ profile at www.sedarplus.ca and on the Company's website at www.capitansilver.com.

Shareholders may request to receive paper copies of the Meeting Materials by mail, free of charge. Requests may be made up to one year from the date the Meeting Materials were filed on SEDAR+. Should you wish to receive a paper copy of the Meeting Materials or if you have any questions about Notice-and-Access, please contact our transfer agent, Olympia Trust Company, by email at cssnoticeandaccess@olympiatrust.com or by calling toll-free at 1-866-668-8379.

Voting

Shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting are requested to complete, date and sign the enclosed form of proxy, or another suitable form of proxy, and deliver it in accordance with the instructions set out in the form of proxy and in the Information Circular.

An unregistered Shareholder who plans to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form and in the Information Circular to ensure that such Shareholder's shares will be voted at the Meeting. If you hold your shares in a brokerage account you are not a registered Shareholder.

DATED at Vancouver, British Columbia, this 7 day of May, 2026.

BY ORDER OF THE BOARD

(signed) "Alberto Orozco"
Chief Executive Officer and Director

CAPITAN SILVER CORP.

INFORMATION CIRCULAR

FOR THE 2026 ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

This information is given as of May 7, 2026

SOLICITATION OF PROXIES

This management information circular dated May 7, 2026 (the "**Information Circular**") is provided to registered and beneficial owners of the Company's shares in connection with the solicitation of proxies by the management of **CAPITAN SILVER CORP.** (the "**Company**") for use at the annual general and special meeting (the "**Meeting**") of the shareholders of the Company (the "**Shareholders**"), to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment(s) or postponement(s) thereof.

PERSONS OR COMPANIES MAKING THE SOLICITATION

The enclosed instrument of proxy is solicited by management. Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse Shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the instrument of proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the directors of the Company have advised management in writing that they intend to oppose any action intended to be taken by management as set forth in this Information Circular.

APPOINTMENT AND REVOCATION OF PROXIES

This Information Circular is accompanied by a management instrument of proxy that permits registered Shareholders who do not attend the Meeting in person to have their shares voted at the Meeting by a proxyholder appointed by the registered Shareholder. The persons named in the accompanying instrument of proxy are directors or officers of the Company. **A Shareholder has the right to appoint a person to attend and act for him on his behalf at the Meeting other than the persons named in the enclosed instrument of proxy. To exercise this right, the Shareholder must strike out the names of the persons named in the instrument of proxy and insert the name of his nominee in the blank space provided or complete another instrument of proxy.**

The completed instrument of proxy must be dated and signed and the duly completed instrument of proxy must be deposited at the Company's transfer agent, Olympia Trust Company, Suite 1900, 925 West Georgia Street, Vancouver, BC V6C 3L2, at least 48 hours before the time of the Meeting or any adjournment(s) or postponement(s) thereof, excluding Saturdays, Sundays and holidays.

The instrument of proxy must be signed by the Shareholder or by their duly authorized attorney. If signed by a duly authorized attorney, the instrument of proxy must be accompanied by the original power of attorney or a notarially certified copy thereof. If the Shareholder is a corporation, the instrument of proxy must be signed by a duly authorized attorney, officer, or corporate representative, and must be accompanied by the original power of attorney or document whereby the duly authorized officer or corporate representative derives their power, as the case may be, or a notarially certified copy thereof. The Chairman of the Meeting has discretionary authority to accept proxies that do not strictly conform to the foregoing requirements.

In addition to revocation in any other manner permitted by law, a Shareholder may revoke a proxy by

- (a) **signing a proxy bearing a later date and depositing it at the place and within the time aforesaid,**
- (b) **signing and dating a written notice of revocation (in the same manner as the instrument of proxy is required to be executed as set out in the notes to the instrument of proxy) and either depositing it at**

the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment(s) or postponement(s) thereof, or

- (c) **registering with the scrutineer at the Meeting as a registered Shareholder present in person, whereupon such proxy shall be deemed to have been revoked.**

VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named as proxyholder in the enclosed instrument of proxy will vote the shares in respect of which they are appointed and, where directions are given by the Shareholder in respect of voting for or against any resolution, will do so in accordance with such direction.

In the absence of any direction in the instrument of proxy, it is intended that such shares will be voted in favour of the resolutions placed before the Meeting by management and for the election of the management nominees for directors and auditor, as stated under the headings in this Information Circular. The instrument of proxy enclosed, when properly completed and deposited, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters that may be properly brought before the Meeting. At the time of printing of this Information Circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any such amendments, variations or other matters should properly come before the Meeting, the proxies hereby solicited will be voted thereon in accordance with the best judgement of the nominee.

ADVICE TO BENEFICIAL HOLDERS OF SHARES

The following information is of significant importance to Shareholders who do not hold shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered Shareholders (those whose names appear on the records of the Company as the registered holders of shares).

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

Intermediaries are required to seek voting instructions from beneficial Shareholders in advance of Shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients. There are two kinds of beneficial owners - those who object to their name being made known to the issuers of securities which they own (called "OBOs" for "**Objecting Beneficial Owners**") and those who do not object to the issuers of the securities they own knowing who they are (called "NOBOs" for "**Non-Objecting Beneficial Owners**").

In the event that voting instructions are requested from OBOs or NOBOs, such instructions will typically be sought by the Shareholder receiving a voting instruction form. If a form of proxy is supplied to you by your broker, it will be similar to the proxy provided to registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada and the United States. Broadridge obtains voting instructions by mailing a voting instruction form (the "**Broadridge VIF**") which appoints the same persons as the Company's proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a beneficial Shareholder), other than the persons designated in the Broadridge VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the Broadridge VIF. The completed Broadridge VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then

tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting.

If you plan to vote in person at the Meeting:

- nominate yourself as the appointee to attend and vote at the Meeting by printing your name in the space provided on the enclosed voting instruction form. Your vote will be counted at the Meeting so do NOT complete the voting instructions on the form;
- sign and return the form, following the instructions provided by your nominee; and
- register with the Scrutineer when you arrive at the Meeting.

You may also nominate yourself as appointee online, if available, by typing your name in the "Appointee" section on the electronic ballot.

If you bring your voting instruction form to the Meeting, your vote will not count. Your vote can only be counted if you have completed, signed and returned your voting instruction form in accordance with the instructions above and attend the Meeting and vote in person.

NOTICE AND ACCESS

The Company has elected to use the "notice-and-access" provisions under National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (the "**Notice-and-Access Provisions**") for the Meeting. The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators intended to reduce the volume of materials which are mailed to Shareholders by allowing a reporting issuer to post proxy-related materials in respect of a meeting of its Shareholders online.

The Company will not use procedures known as "stratification" in relation to the use of the Notice-and-Access Provisions, meaning that both registered Shareholders and Beneficial Shareholders will be mailed a notification of availability of Meeting materials directing them to those websites where they can access the Information Circular and other relevant information (the "**Notice-and-Access Notification**"). If you receive the Notice-and-Access Notification and would like to receive a paper copy of the Information Circular and the financial statements of the Company to be approved at the Meeting and the management's discussion and analysis related to those financial statements (the "**Financial Statements**"), please follow the instructions printed on the Notice-and-Access Notification and the materials will be mailed to you at the Company's expense.

The Company anticipates that notice-and-access will directly benefit the Company through substantial reductions in postage and printing costs. The Company believes that notice-and-access is more environmentally responsible to the extent that it reduces the large volume of paper documents generated by printing proxy-related materials.

Shareholders with questions about notice-and-access can call Olympia Trust Company toll free 1-866-668-8379.

The Meeting materials have been posted on the Company's website at www.capitansilver.com and on the System for Electronic Document Analysis and Retrieval ("**SEDAR+**") under the Company's profile at www.sedarplus.ca and on the Company's website at www.capitansilver.com. In order to receive a paper copy of this Information Circular and the Financial Statements, requests by Shareholders may be made up to one year from the date the Information Circular is posted on the Company's website by email to Olympia Trust Company at cssnoticeandaccess@olympiustrust.com or by calling toll-free at 1-866-668-8379.

To ensure that a paper copy of the Information Circular can be delivered to a requesting Shareholder in time for such Shareholder to receive and review the Information Circular and return the completed instrument of proxy or voting instruction form prior to the deadline of at least 48 hours before the time of the Meeting or any adjournment(s) or postponement(s) thereof, excluding Saturdays, Sundays and holidays as set out under the heading "*Appointment and Revocation of Proxies*" in this Information Circular, it is strongly suggested that a Shareholder's request is received

no later than June 3, 2026. The Information Circular will be sent to such Shareholders within three business days of their request if such requests are made before the Meeting. Following the Meeting, the Information Circular will be sent to such Shareholders within ten days of their request.

Those registered Shareholders and Beneficial Shareholders with existing instructions on their account to receive printed materials will receive a printed copy of the Meeting materials.

Beneficial Shareholders who are OBOs will not receive the Notice and Access Notification or the proxy materials unless their intermediary assumes the costs of delivery.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On May 7, 2026, 128,724,521 common shares of the Company (each, a "**Common Share**") without par value were issued and outstanding, each share carrying the right to one vote. At a general meeting of the Company, on a show of hands, every Shareholder present in person has one vote and, on a poll, every Shareholder has one vote for each share of which he is the holder.

Only Shareholders of record at the close of business on April 28, 2026, will be entitled to have their shares voted at the Meeting or any adjournment(s) or postponement(s) thereof.

To the knowledge of the directors and executive officers of the Company, as of the date of this Information Circular, the Shareholders who beneficially own, or exercise control or direction, directly or indirectly, Common Shares carrying 10% or more of the votes attached to Common Shares are:

Name	Number of Common Shares Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾	Approximate Percentage of Total Outstanding Common Shares
Michael Gentile	14,600,000	11.4%
Jupiter Gold & Silver Fund	20,059,000	15.6%

Note:

(1) The above information was derived from the Shareholder directly or from insider reports available at www.sedi.ca.

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

Other than as disclosed elsewhere in this Information Circular, none of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors and the appointment of the auditor. Directors and executive officers may also be interested in the approval of (i) the Omnibus Plan Resolution, (ii) the Shareholder Rights Plan Resolution, and (iii) the Existing Stock Option Plan Resolution, each as detailed below. See "*Particulars of Matters to be Acted Upon*".

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this Information Circular, "**informed person**" means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company, or a combination of both, carrying

more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution; and

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

Other than as disclosed elsewhere in this Information Circular, no informed person, no proposed director of the Company and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any material transaction since the commencement of the Company's last completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

Other than as described herein, the management functions of the Company or any subsidiary of the Company are not, to any substantial degree, performed by a person other than the directors or executive officers of the Company or its subsidiaries. See "*Statement of Executive Compensation – Employment, Consulting and Management Agreements*".

STATEMENT OF EXECUTIVE COMPENSATION

In this section, "Named Executive Officer" or "NEO" means (a) the Chief Executive Officer ("CEO"), (b) the Chief Financial Officer ("CFO"), (c) the most highly compensated executive officer of the Company, and its subsidiaries, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for that financial year; and (d) each individual who would be a Named Executive Officer under (c) but for the fact that the individual was not an executive officer of the Company and was not acting in a similar capacity, at the end of that financial year.

In this section, "compensation securities" includes stock options, convertible securities, exchangeable securities and similar instruments, including stock appreciation rights, deferred share units and restricted stock units, granted or issued by the Company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

During the Company's financial years ended September 30, 2025, the following individuals were the Named Executive Officers of the Company:

- Alberto Orozco, the CEO and a director of the Company; and
- Robert Scott, the CFO of the Company.

Director and Named Executive Officer Compensation Excluding Compensation Securities

Particulars of compensation, excluding compensation securities, paid by the Company or a subsidiary of the Company to each NEO and director in the two most recently completed financial years is set out in the table below:

Name and position	Year ending	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees(\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Alberto Orozco CEO and Director	09/30/25	150,000	250,000	Nil	Nil	Nil	400,000
	09/30/24	150,000	Nil	Nil	Nil	Nil	150,000
Robert J. Scott CFO	09/30/25	72,000	50,000	Nil	Nil	Nil	122,000
	09/30/24	72,000	Nil	Nil	Nil	Nil	72,000

Name and position	Year ending	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees(\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
John-Mark Staude Director	09/30/25 09/30/24	9,000 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	9,000 Nil
Arturo Bonillas Director	09/30/25 09/30/24	9,000 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	9,000 Nil
Fernando Alanís Ortega Director	09/30/25 09/30/24	9,000 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	9,000 Nil
Graham Scott Director	09/30/25 09/30/24	1,500 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	1,500 Nil

900,000 compensation securities granted or issued to the NEO and director in the most recently completed financial years for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

At the end of the most recently completed financial year, the Company's NEOs and directors held the stock options set forth in the following.

Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date (\$)
Alberto Orozco CEO and Director	Stock Options	1,500,000	2024-06-11	\$0.200	\$0.200	\$0.200	2029-06-11
Robert J. Scott CFO	Stock Options	500,000	2024-06-11	\$0.200	\$0.200	\$0.200	2029-06-11
John-Mark Staude Director	Stock Options	200,000	2024-06-11	\$0.200	\$0.200	\$0.200	2029-06-11
Arturo Bonillas Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Fernando Alanís Ortega Director	Stock Options	400,000	2024-10-31	\$0.300	\$0.300	\$0.300	2029-10-31
Graham Scott Director	Stock Option	500,000	2025-09-05	\$1.540	\$1.540	\$1.540	2030-09-05
Marc Idziszek VP Exploration	Stock Options	50,000	2021-07-16	\$0.270	\$0.270	\$0.270	2026-07-16
	Stock Options	350,000	2024-06-11	\$0.200	\$0.200	\$0.200	2029-06-11
	Stock Options	250,000	2025-09-05	\$1.540	\$1.540	\$1.540	2030-09-05

No compensation securities were re-priced, cancelled or replaced, extended or otherwise materially modified during the most recently completed financial year.

Exercise of Compensation Securities by Directors and NEO's

In aggregate, 2,001,880 compensation securities were exercised by any directors or NEO during the financial year ended September 30, 2025.

Stock Option Plans and Other Incentive Plans

Existing Stock Option Plan

Previous grants of stock options under the Existing Stock Option Plan (as defined herein) and the Omnibus Plan (as defined herein) are taken into account when considering new grants. The Existing Stock Option Plan was adopted on June 23, 2023 and most recently approved by Shareholders on June 26, 2025. See "*Particulars of Matters to be Acted Upon*" for further details.

External Management Contracts

See "*Employment, Consulting and Management Agreements*" for a description of the consulting agreement between the Company and Alberto Orozco.

Employment, Consulting and Management Agreements

Other than as disclosed elsewhere in this Information Circular and below no services were provided to the Company during the most recently completed financial year by a director or Named Executive Officer, or any other party who provided services typically provided by a director or Named Executive Officer, pursuant to any employment, consulting or management agreement between the Company and any other party, and the Company has no agreement or arrangement with any director, Named Executive Officer or any other party with respect to any change of control of the Company or any severance, termination or constructive dismissal of any director, Named Executive Officer or any other party, or any incremental payments triggered by any such change of control, severance, termination or constructive dismissal.

Consulting Agreement with Alberto Orozco

Effective January 1, 2023, the Company entered into a consulting agreement in Mexico with Alberto Orozco (the "**Orozco Agreement**") as CEO of the Company. Pursuant to the consulting agreement, the Company currently pays Mr. Orozco a maximum monthly fee of CAD \$12,500. Mr. Orozco will also be reimbursed for any direct out-of-pocket expenses reasonably incurred in connection with the provision of his services. On September 6, 2025, the Board meeting approved that effective October 1, 2025, Mr. Orozco's annual cash compensation increased from \$150,000 to \$275,000.

Oversight and Description of Director and Named Executive Officer Compensation

Compensation of the Company's Named Executive Officers and directors is determined by the Board, based on the recommendations of the Compensation Committee. Compensation is determined based on factors considered relevant and appropriate, including the level of service provided, the background and expertise of the individual director or officer, amounts paid by other companies in similar industries at similar stages of development, and compensation levels necessary to attract, retain and develop management of a high caliber. Compensation is typically reviewed annually by the Compensation Committee and the Board, usually in the first fiscal quarter, but may also be reviewed on an ad hoc basis as the need arises.

The Company's compensation structure has two primary components, cash compensation and share-based compensation in the form of incentive stock options. Cash compensation has two components, base salary/consulting fee and bonuses. For the Company's financial year ended September 30, 2025, the significant element of compensation paid to Alberto Orozco was consulting fees paid pursuant to the Orozco Agreement.

The Company regards the strategic use of incentive stock options as a significant component of its compensation structure. In evaluating option grants issues, the Board evaluates a number of factors including, but not limited to: (i) the number of options already held by or issued to an individual; (ii) a fair balance between the number of options held by or issued to an individual and those held by or issued to other directors or officers, in light of their responsibilities and objectives; and (iii) the value of the options (generally determined using a Black-Scholes analysis) as a component of the individual's overall compensation.

No significant events occurred during the most recently completed financial year that significantly affected compensation. While the Board considers amounts paid by other companies in similar industries at similar stages of development in determining compensation, no specifically selected peer group has been identified as a comparable. No significant changes were made to the Company's compensation policies since the commencement of the most recently completed financial year.

Pension Disclosure

Neither the Company nor any of its subsidiaries currently has a pension benefits arrangement under which the Company or any of its subsidiaries has made payments to the directors or Named Executive Officers of the Company during its financial year ended September 30, 2025 or intends to make payments to the Company's directors or Named Executive Officers upon their retirement (other than the payments made, if any, pursuant to the Canada Pension Plan or any government plan similar to it).

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

No proposed director of the Company is, or within the 10 years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or;
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer.

For the purposes of the preceding paragraph, "**order**" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, and which, in each case, was in effect for a period of more than 30 consecutive days.

Except as outlined below, no proposed director of the Company is, at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within one year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Bonillas was the CEO of Magna Gold Corp, a company listed on the TSX Venture Exchange (the "**Exchange**") when it received a Cease Trade Order for not meeting its continuous disclosure obligations under NI 51-102 in May 2023 and is still in effect.

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

No proposed director of the Company or personal holding company of a proposed director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

During the ten years preceding the date of this Information Circular, no proposed director has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

The above information was provided by management of the Company.

CORPORATE GOVERNANCE

General

"**Corporate Governance**" refers to the process and structure used to direct and manage the business and affairs of a corporation. The objective is to enhance Shareholder value, including ensuring the financial viability of the business. Corporate governance processes and structures define the division of power among the Shareholders, the board of directors of the Company (the "**Board**") and management, and establish ways to ensure accountability. They also take into account how the direction and management of the business will affect other stakeholders such as employees, customers, suppliers and communities.

The Canadian Securities Administrators have adopted National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**") and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**").

NI 58-201 sets forth a set of guidelines or "best practices" for reporting issuers to consider when evaluating their own corporate governance practices. Recognizing that not all of the guidelines set forth in NP 58-201 will be appropriate for all companies, full implementation of the guidelines is not mandated by either NP 58-201 or the Exchange. NI 58-101 mandates the disclosure of the corporate governance practices actually implemented by a reporting issuer, in certain prescribed disclosure documents.

As the business of the Company is straightforward, the Company is at an early stage of development and its Board is relatively small, the Company's corporate governance practices are at an early stage of evolution. The following describes the Company's approach to corporate governance, in compliance with NI 58-101.

Board of Directors

The Company's Board consists of a total of five directors, Alberto Orozco, John-Mark Staude, Arturo Bonillas, Fernando Alanís Ortega and Graham Scott. Alberto Orozco is not independent by virtue of the fact that he is the Chief Executive Officer of the Company. The other four directors are independent. Accordingly, the majority of the directors are independent.

Directorships

The following table sets out details of directorships in other public issuers, held by each of the current directors standing for re-election:

Director	Other Reporting Issuer(s)
Alberto Orozco	None
Arturo Bonillas	Magna Gold Corp.
Fernando Alanís Ortega	Compañía Minera Autlan SAB de CV
Graham Scott	Condor Resources Inc.

Orientation and Continuing Education

The Company does not have a formal process of orientation for new Board members. However, the Company does orient and educate new Board members by providing background information, conducting personal meetings and responding to questions, during the early stages of a new Board member's involvement with the Company.

The Company does not have a formal process of continuing education for directors. Generally, the Company expects that existing and new Board members will have a familiarity with the business of mineral exploration and development. Professional advisors may be invited to attend Board meetings, as needed. The Company also relies on the relatively straightforward nature of its business, and the established qualifications and expertise of its Board members.

Ethical Business Conduct

The Board has adopted a Disclosure Policy (the "**Policy**") to ensure the disclosure of material information to the public about the Company and any wholly owned subsidiaries of the Company. To the greatest extent possible, the Company attempts to provide equal access to the Shareholders about the information that may affect their investment decisions.

In considering a transaction in which a director has a material interest, the director is required to disclose the nature and extent of his interest to the Board and to abstain from voting on any resolution pertaining to the transaction.

Nomination of Directors

The Board does not have a Nominating Committee to identify new candidates for Board nomination. Potential candidates for appointment to the Board are considered by the Board as a whole, in reliance on the recommendations, qualifications and experience of its members. Nominees are interviewed by the Board and are asked to join the Board where consensus regarding the nominee is obtained. The Board recognizes that, in accordance with good corporate governance practices, it is desirable to appoint additional members who are independent and gives weight to this consideration in its Board appointments.

Compensation Committee

As of the date of this Information Circular, the Compensation Committee is comprised of three members, being John-Mark Staude, Arturo Bonillas and Graham Scott, each of whom is independent within the meaning of NI 58-101. The Compensation Committee of the Board was formed to conduct annual reviews of the compensation of directors, the CEO and other senior executives and consultants. For further information regarding the Compensation Committee members and its responsibilities, see "*Statement of Executive Compensation*".

Audit Committee

As of the date of this Information Circular, the Audit Committee is comprised of three members, being John-Mark Staude (Chair), Arturo Bonillas and Graham Scott, each of whom is independent within the meaning of National Instrument 52-110 – *Audit Committees*. Information regarding the Audit Committee, including the complete text of the Charter of the Audit Committee, is set forth under the heading "*Audit Committee and Relationship with Auditor*".

Other Board Committees

Committees of the Board are an integral part of the Company's governance structure. At the present time, the Company has an Audit Committee and a Compensation Committee.

Assessments

The Board has no specific procedures for regularly assessing the effectiveness and contribution of the Board, its committees or individual directors. As the business of the Company is relatively straightforward and its Board relatively small, it is expected that a significant lack of performance on the part of a committee or individual director

would become readily apparent and could be dealt with on a case-by-case basis. With respect to the Board as a whole, the Board monitors its performance on an ongoing basis, and as part of that process considers the overall performance of the Company and input from its Shareholders.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

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

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders	5,975,000	\$0.61	5,448,561
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	5,975,000	\$0.61	5,448,561

Note: Based on 114,235,606 Common Shares of the Company issued and outstanding as at September 30, 2025. The maximum aggregate number of Common Shares that may be reserved for issuance under the Existing Stock Option Plan is equal to 10% of the issued and outstanding Common Shares at the time of the option grant.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former executive officer, director or employee of the Company, proposed nominee for election as a director of the Company, or associate of any such person has been indebted to the Company or its subsidiaries at any time since the commencement of the Company's last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Company or its subsidiaries at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 of the Canadian Securities Administrators ("**NI 52-110**") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth in the following.

Audit Committee Charter

The Company's Audit Committee is governed by an Audit Committee Charter. A copy of the Audit Committee Charter is attached as Schedule "B" – *AUDIT COMMITTEE CHARTER* to this Information Circular.

Composition of the Audit Committee

The Company's Audit Committee is comprised of three directors, John-Mark Staude (Chair), Arturo Bonillas, and Graham Scott. As defined in NI 52-110, all of the members of the Audit Committee are "independent". Also as defined in NI 52-110, all of the Audit Committee members are "financially literate". The experience of the Audit Committee members is set forth in the following.

Graham Scott, Director

Graham Scott is a mining and securities lawyer based in Vancouver, Canada. He holds a B.Sc in Geology from King's College, London, and an MA in Economic Geology from the State University of New York, in addition to a Law degree from the University of British Columbia. Over a 40 year legal career, his clients have made world-class discoveries of copper, gold, uranium and diamonds. He has held senior positions in major international and national law firms, and now is principal of Graham Scott Law Corporation. Mr. Scott has extensive experience in corporate governance matters, having served on the board of directors of multiple exploration and mining companies.

John-Mark Staude, Director

John-Mark Staude holds a Ph.D. in economic geology and has over 20 years of diverse mining and exploration experience in precious and base metals. He earned a Master of Science from Harvard University in 1989 and a Ph.D. in economic geology from the University of Arizona in 1995. Mr. Staude held positions of increasing responsibility with a number of major international mining companies including Kennecott, BHP-Billiton, and most recently Teck Cominco. He also worked with smaller commodity-focused companies like Magma Copper Company and consulted private investment groups. Mr. Staude's extensive Latin America mineral resource experience began in Mexico and then extended through South America. Recently, Mr. Staude has ventured into Europe and Asia initiating companies and managing successful exploration programs in Turkey, Romania and China. Mr. Staude has been successful in creating shareholder value through discoveries of gold and copper in Mexico, Peru and Turkey. He has located additional resources in known districts and helped convert discoveries into new mining operations. His technical and managerial experience spans more than 30 countries in diverse geologic environments. Through Riverside Resources, Mr. Staude will continue to build strong portfolios and profitable businesses through prospect generation, early stage partnering and drill discoveries.

Arturo Bonillas, Director

Arturo Bonillas is an Industrial Engineer with over 40 years of experience in the Mexican mining industry and extensive experience in all aspects of exploration, financing, building and operations. His knowledge and experience with international markets has helped solidify partnerships with long time shareholders and institutions, vested in the mining projects and ventures he has developed. During his 10 year tenure as President of Timmins Gold Corp. (now Alio Gold), he spearheaded the company's transition from one of exploration and development to a mid-tier gold producer, a crucial strategy in securing several years of positive reserve and resource growth, throughput and production. Prior to Timmins Gold, he was President and Co-Founder of Silvermex Resources Inc. for 3 years; General Manager (Latin America) for Continuum Resources Ltd. Overseeing the development of the San Jose del Progreso project in Oaxaca, Mexico (sold to Fortuna Silver Mines Inc); and has also had operational and financial roles with Compañía Minera de Cananea (owned by Grupo Mexico) and Minera de Real de Angeles (Placer Dome Inc./Empresas Frisco joint venture). Mr. Bonillas has in-depth knowledge and experience in corporate social responsibility and government relations, with an impeccable track record in community relations over the course of his career. In 2017, Mr. Bonillas received the prestigious Ostotakani Award, given to distinguished leaders in the Mexican mining industry. Mr. Bonillas earned his B.Sc. degree in Industrial Engineering from the University of Arizona.

As a result of their respective business experience, each member of the audit committee (i) has an understanding of the accounting principles used by the Company to prepare its financial statements, (ii) has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves, (iii) has experience in analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to that that can reasonably be expected to be raised by the Company's financial statements, and (iv) has an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

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

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions in sections 2.4 or 8 of NI 52-110 (*De Minimis Non-audit Services*), the exemptions in Subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), Subsection 6.1.1(5) (*Events Outside Control of Member*), Subsection 6.1.1(6) (*Death, Incapacity or Resignation*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Pre-Approval Policies and Procedures

Procedures have been adopted with respect to the provision of non-audit services by the Company's external auditor. Under the Company's Audit Committee Charter, such services are required to be approved by the Audit Committee.

External Auditor Service Fees (By Category)

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees billed to the Company by its auditor in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
September 30, 2025	\$42,512	Nil	\$2,600	Nil
September 30, 2024	\$38,464	Nil	\$1,600	Nil

Exemption in Section 6.1

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

PARTICULARS OF MATTERS TO BE ACTED UPON

Financial Statements

The Shareholders will receive and consider the audited financial statements of the Company for the fiscal year ended September 30, 2025, together with the auditor's report thereon, and the unaudited interim financial statements of the Company for the interim period ended December 31, 2025.

Election of Directors

Each director of the Company is elected annually and holds office until the next Annual General Meeting of the Shareholders unless that person ceases to be a director before then. In the absence of instructions to the contrary, the shares represented by proxy will, on a poll, be voted for the nominees herein listed.

Information Concerning Nominees Submitted by Management

The following table sets out the names of the persons nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations and the number of shares of the Company which each beneficially owns, or controls or directs, directly or indirectly, as of the date of this Information Circular:

Name of Nominee, Residence and Present Positions Held	Principal Occupation ⁽¹⁾	Director Since	Number of Shares Beneficially Owned, Controlled or Directed ⁽²⁾
ALBERTO OROZCO ⁽³⁾⁽⁴⁾ Hermosillo, Sonora, Mexico Director & CEO	CEO of Capitan since October 2019; Vice President, Corporate Development of Riverside Resources Inc. from 2019-2020; and various roles with Argonaut Gold Inc., a Canadian gold company, from 2011 to 2019, including Country Manager, Director of Exploration and Vice-President of Corporate Affairs and Sustainability	08/14/2020	2,499,837
ARTURO BONILLAS ⁽³⁾⁽⁴⁾ Hermosillo, Sonora, Mexico Director	Director; President and CEO of Magna Gold Corporation, a mineral exploration company, from January 2018 to present;	08/21/2020	633,333
FERNANDO ALANIS ORTEGA Huixquilucam State of Mexico, Mexico Director	Director	10/31/2024	Nil
GRAHAM SCOTT Vancouver, British Columbia, Canada Director	Lawyer; Principal of Graham Scott Law Company, Vancouver, BC	09/16/2025	50,000

Notes:

- (1) The information as to province and country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) The information as to Common Shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation Committee.

The terms of office of those nominees who are presently directors will expire as of the date of the Meeting. All of the directors who are elected at the Meeting will have their term of office expire at the next Annual General Meeting of the Company, unless terminated earlier.

Shareholders can vote for all of the proposed nominees, vote for some of the proposed nominees and withhold for others, or withhold votes for all of the proposed nominees. **Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Company.**

Appointment of Auditor

The Shareholders will be asked to re-appoint Davidson & Company LLP, Chartered Professional Accountants, of Suite 1200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1G6, to serve as the auditor of the Company until the close of the next Annual General Meeting of the Shareholders, and to authorize the directors to fix the auditor's remuneration.

Unless the Shareholder has specifically instructed in the form of proxy that the Common Shares represented by such proxy are to be withheld or voted otherwise, the persons named in the accompanying proxy will vote

FOR the re-appointment of Davidson & Company LLP as auditor of the Company to hold office until the next annual meeting of Shareholders or until a successor is appointed and to authorize the Board to fix the remuneration of the auditor.

Ratification of Shareholder Rights Plan

Effective as of May 7, 2026, the Board adopted a Shareholder rights plan (the "**Shareholder Rights Plan**") pursuant to the shareholder rights plan agreement with Olympia Trust Company as rights agent (the "**Shareholder Rights Plan Agreement**"). As such, the Shareholders will be asked to consider and if deemed advisable, approve and ratify the Shareholder Rights Plan and the entering into of the Shareholder Rights Plan Agreement. The Shareholder Rights Plan is designed to ensure the fair treatment of Shareholders in connection with any take-over bid for the Company and to provide the Board and Shareholders with sufficient time to fully consider any unsolicited takeover bid. The Shareholder Rights Plan also provides the Board with time to pursue, if appropriate, other alternatives to maximize Shareholder value in the event of a takeover bid. The adoption of the Shareholder Rights Plan remains subject to final acceptance by the Exchange.

Shareholder Rights Plan Resolution

At the Meeting, the Shareholders of the Company will be asked to consider and approve an ordinary resolution approving and ratifying the Company entering into the Shareholder Rights Plan Agreement and adopting the Shareholder Rights Plan (the "**Shareholder Rights Plan Resolution**"), which resolution requires approval of greater than 50% of the votes cast by the Shareholders who, being entitled to do so, vote, in person or by proxy, on the Shareholder Rights Plan Resolution at the Meeting.

At the Meeting, Shareholders will have an opportunity to ask management and the Board questions regarding the Shareholder Rights Plan prior to the vote on the Shareholder Rights Plan Resolution.

The full text of the Shareholder Rights Plan Resolution is set out in Schedule "A" – *RESOLUTIONS TO BE APPROVED AT THE MEETING* to this Information Circular.

Recommendation of the Board

The Board has determined that the Shareholder Rights Plan is in the best interests of the Company and the Shareholders and unanimously recommends a vote in favour of approving the Shareholder Rights Plan. **In the absence of any contrary directions, it is the intention of management to vote proxies in the accompanying form FOR the Shareholder Rights Plan Resolution.**

The Board reserves the right to amend any terms of the Shareholder Rights Plan or not to proceed with the Shareholder Rights Plan at any time prior to the Meeting if the Board determines that it would be in the best interests of the Company and the Shareholders and to do so in light of any subsequent event or development occurring after the date of the Information Circular.

Summary of the Shareholder Rights Plan

A summary of the key terms of the Shareholder Rights Plan is set out below, which is qualified in its entirety by the full text of the Shareholder Rights Plan. A copy of the Shareholder Rights Plan is attached as Schedule "C" – *SHAREHOLDER RIGHTS PLAN* hereto. Capitalized terms used but not otherwise defined in this section shall have the meanings given to them in the Shareholder Rights Plan.

Purpose:	The Shareholder Rights Plan is designed to provide for the fair treatment of Shareholders in connection with "creeping bids" for the Company's Common Shares. The Shareholder Rights Plan provides Shareholders with protections in the event that a person becomes a beneficial owner of 20% or more of the outstanding Common Shares through "creeping bid" purchases exempt from applicable take-over bid laws.
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Issue of Rights:	Effective at 12:01a.m. (Vancouver time) on May 7, 2026 (the " Effective Time "), one right (each, a " Right ") was issued in respect of each Common Share outstanding at the close of business on the business day immediately preceding the date on which the Effective Time occurs (the " Record Time "). The Board will also authorize the issue of one Right for each Common Share issued after the Record Time and prior to the earlier of the Separation Time (as defined in the Shareholder Rights Plan Agreement) and the Expiration Time (as defined in the Shareholder Rights Plan Agreement).
Shareholder Approval:	The Shareholder Rights Plan must be approved by a majority of the votes cast by the Shareholders of the Company, in person or by proxy, at the Meeting.
Term:	If the Shareholder Rights Plan is not approved at the Meeting, the Shareholder Rights Plan will terminate at the end of the Meeting. If the Shareholder Rights Plan is approved at the Meeting, it will remain in effect and will next require reconfirmation by Shareholders at the 2028 annual meeting of Shareholders. The Shareholder Rights Plan must be reapproved by the Shareholders at the second and fourth annual meeting of Shareholders, and unless terminated in accordance with the terms of the Shareholder Rights Plan, the Shareholder Rights Plan will expire upon the conclusion of the Company's annual meeting of Shareholders in 2032.
Rights Certificates and Transferability:	Prior to the Separation Time (as defined in the Shareholder Rights Plan), the Rights will be evidenced by registration for the associated Shares as indicated in the register and will not be transferable apart from the Shares. From and after the Separation Time, the Rights will be evidenced by separate "Rights Certificates" and will be transferable apart from the Shares.
Attributes of Rights:	Subject to adjustment as herein set forth and subject to Section 3.1(a) of the Shareholder Rights Plan, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase, for the Exercise Price as at the business day immediately preceding the date of exercise of the Right, one (1) Common Share. Notwithstanding anything to the contrary contained in the Shareholder Rights Plan, any Rights held by the Company or any of its subsidiaries shall be void.
Exercise Price:	As of any date, the price at which a holder of a Right may purchase the securities issuable upon exercise of one whole Right which, until adjustment thereof in accordance with the terms hereof, shall be: (i) until the Separation Time, an amount equal to three times the Market Price, from time to time, per Common Share; and (ii) from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Common Share.
Exercise of Rights:	Rights may be exercised in whole or in part on any business day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent (at the office of the Rights Agent in the City of Vancouver or any other office of the Rights Agent in the cities designated from time to time for that purpose by the Company) the Rights Certificate evidencing such Rights or such other documentation as determined appropriate for Book Entry Rights Exercise Procedures together with an election to exercise such Rights (an " Election to Exercise ") substantially in the form attached to the Rights Certificate or as determined appropriate for Book Entry Form duly completed and executed, accompanied by payment by certified cheque, banker's draft, wire transfer or money order payable to the order of the Rights Agent, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Shares in a name other than that of the holder of the Rights being exercised, all of the above to be received before the Expiration Time by the Rights Agent (at the office of the Rights Agent in the City of Vancouver or any other office of the Rights Agent in the cities designated from time to time for that purpose by the Company).
Registration, Registration of Transfer and Exchange:	The Company will cause to be kept a register (the " Rights Register ") in which, subject to such reasonable regulations as it may prescribe, the Company will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed "Rights Registrar" for the purpose of maintaining the Rights Register for the Company and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts such appointment. In the event that the Rights

	Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.
Delivery and Cancellation of Rights Certificates:	All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Company may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this section except as expressly permitted by this Agreement. The Rights Agent shall, subject to applicable laws, destroy all cancelled Rights Certificates and, upon request of the Company, deliver a certificate of destruction to the Company.
Issuance of New Rights Certificates:	Notwithstanding any of the provisions of the Shareholder Rights Plan or of the Rights to the contrary, the Company may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by its Board to reflect any adjustment or change in the number or kind or class of shares purchasable upon exercise of Rights made in accordance with the Shareholder Rights Plan.
Redemption of Rights and Waiver:	Subject to the prior consent of the holders of Common Shares or Rights, the Board acting in good faith may, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of CDN\$0.00001 per Right appropriately adjusted in a manner analogous to the applicable adjustment.
Merger, Amalgamation, Consolidation or Change of Name of Rights Agent:	<ul style="list-style-type: none"> • Any company into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any company resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any company succeeding to the Shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under the Shareholder Rights Plan. • If the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in the Shareholder Rights Plan.
Permitted Requirements: Bid	<p>The Shareholder Rights Plan utilizes the mechanism of a "Permitted Bid" and "Competing Permitted Bid" to ensure that a person seeking control of the Company through an unsolicited take-over bid gives Shareholders and the Board sufficient time to evaluate the bid and ensure that the take-over bid is fair to Shareholders. The Shareholder Rights Plan is designed to make it impracticable for any person to acquire more than 20% of the outstanding Common Shares without the approval of the Board except pursuant to the Permitted Bid or Competing Permitted Bid procedures.</p> <p>A Permitted Bid is a take-over bid made by way of a take-over bid circular and which complies with the following additional provisions:</p> <ul style="list-style-type: none"> (a) the take-over bid is made to all holders of Common Shares as registered on the books of the Company (other than the bidder); (b) the take-over bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Common Shares will be taken up or paid for pursuant to the take-over bid: <ul style="list-style-type: none"> (i) prior to the close of business on the date which is not less than one hundred and five 105 days following the date of the take-over bid or such shorter minimum initial deposit period that a take-over bid (that

	<p>is not exempt from the general take-over bid requirements contained in Part 2 of National Instrument 62-104 – <i>Take-over Bids and Issuer Bids</i> ("NI 62-104") must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to NI 62-104; and</p> <p>(ii) unless, at the close of business on the date Shares are first taken up or paid for under such Take-over Bid, more than fifty percent (50%) of the then outstanding Common Shares held by "Independent Shareholders" shall have been tendered or deposited to the Take-over Bid and not withdrawn;</p> <p>(c) unless the take-over bid is withdrawn, the take-over bid contains an irrevocable and unqualified provision that Common Shares may be deposited pursuant to such take-over bid at any time during the period of time described in paragraph (b)(i) above and that any Common Shares deposited pursuant to the take-over bid may be withdrawn until taken up and paid for; and</p> <p>unless the take-over bid is withdrawn, the take-over bid contains an irrevocable and unqualified provision that in the event that the deposit condition set forth in paragraph (b)(ii) above is satisfied, the bidder will make a public announcement of that fact and the take-over bid will remain open for deposits and tenders of Common Shares for not less than 10 days from the date of such public announcement.</p>
<p>Competing Permitted Bid:</p>	<p>The Shareholder Rights Plan allows a competing Permitted Bid (a "Competing Permitted Bid") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid, except that the minimum deposit period may be shorter as prescribed by NI 62-104.</p> <p>A Competing Permitted Bid is a take-over bid that is also made by way of a take-over bid circular and which complies with the following additional provisions:</p> <p>(a) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of the Permitted Bid or Competing Permitted Bid;</p> <p>(b) satisfies all of the provisions of a Permitted Bid (described above) other than the requirements set out in paragraph (b)(i) of the description of a Permitted Bid; and</p> <p>(c) contains, and the take-up and payment for securities tendered or deposited thereunder is subject to, an irrevocable and unqualified condition that no Common Shares will be taken up or paid for pursuant to the take-over bid prior to the close of business on the last day of the minimum initial deposit period that such take-over bid must remain open for deposits of securities thereunder pursuant to NI 62-104 after the date of the take-over bid constituting the Competing Permitted Bid.</p> <p>Under the Shareholder Rights Plan, "Independent Shareholders" means holders of outstanding Common Shares, other than: (a) any Acquiring Person; (b) any Offeror (other than any Person who is not deemed to beneficially own the Common Shares held by such person); (c) any Affiliate or Associate of any Acquiring Person or Offeror; (d) any Person acting jointly or in concert with any Acquiring Person or Offeror; and (e) any employee benefit plan, share option plan, deferred profit sharing plan, securities participation plan and any other similar plan or trust for the benefit of employees of the Company or a Subsidiary unless the beneficiaries of the plan or trust direct the manner in which the Common Shares held by any such plan or trust are to be voted or withheld from voting or direct whether the Common Shares are to be tendered to a Take-over Bid.</p>
<p>Waiver and Redemption:</p>	<p>The Board may, prior to a Flip-in Event, waive the dilutive effects of the Shareholder Rights Plan in respect of a particular Flip-in Event resulting from a take-over bid made by way of a take-over bid circular to all holders of Common Shares, in which event such waiver would be deemed also</p>

	<p>to be a waiver in respect of any other Flip-in Event occurring under a take-over bid made by way of a take-over bid circular to all holders of Common Shares.</p> <p>The Board may also waive the Shareholder Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to 20% or less of the outstanding Common Shares within 30 days or such other period as may be specified by the Board.</p> <p>With the prior consent of holders of Common Shares or Rights at any time prior to the occurrence of a Flip-in Event, the Board may redeem all, but not less than all, of the outstanding Rights at a price of \$0.000001 per Right (subject to the adjustments provided for in the Shareholder Rights Plan).</p>
Amendments:	All amendments to the Shareholder Rights Plan must be filed with the Exchange and the Exchange may require the Company to receive Shareholder approval for any amendments.

Ratification of Omnibus Plan

On May 7, 2026, the Board adopted a fixed 10% omnibus equity incentive plan (the "**Omnibus Plan**"). Pursuant to Exchange Policy 4.4, the Omnibus Plan must receive requisite Shareholder approval no later than the earlier of the Company's next annual meeting of Shareholders and 12 months from the implementation of the Omnibus Plan. As such, at the Meeting, Shareholders will be asked to consider and if deemed advisable, approve the Omnibus Plan. The Omnibus Plan being proposed to the Shareholders for approval at the Meeting provides for the grant of options ("**Options**"), restricted share units ("**RSUs**") and deferred share units ("**DSUs**", collectively with the Options and RSUs, the "**Awards**"). Compared to the Company's Existing Stock Option Plan (as defined below), the Omnibus Plan provides flexibility to the Company to grant different forms of equity-based incentive awards to its directors, officers, employees and consultants of the Company or a subsidiary thereof. The Board continues to believe that equity-based compensation is an appropriate way for the Company to ensure that the interests of its Board, its management team and key employees are aligned with its Shareholders and to attract and retain the best possible talent. The Company recognizes that better outcomes result from long-term incentives and that it requires an equity compensation plan with more flexibility than that currently provided under its Existing Stock Option Plan.

If the Omnibus Plan is approved by the Shareholders at the Meeting, the Omnibus Plan will replace the Company's current 10% rolling stock option plan which was last approved by the Shareholders of the Company at the Company's annual general meeting held on June 26, 2025 (the "**Existing Stock Option Plan**") and all future grants of equity-based awards will be made pursuant to, or as otherwise permitted by, the Omnibus Plan, and no further grants will be made pursuant to the Existing Stock Option Plan.

In addition, if the Omnibus Plan Approval (as defined herein) is obtained, (i) all of the Options granted under the Existing Stock Option Plan that remain outstanding as of the date of the Meeting, will be automatically migrated and become subject to the Omnibus Plan and such options shall be governed or deemed to be governed by the provisions of the Omnibus Plan, (ii) no further grants will be made under the Existing Stock Option Plan, and (iii) the Existing Stock Option Plan will be terminated.

If the Omnibus Plan Approval is not obtained, (i) the Company's Existing Stock Option Plan will remain in effect and will continue to govern outstanding equity-based awards that have been previously granted thereunder, and (ii) the Omnibus Plan will only be maintained and utilized by the Company only to the extent that Awards will be settleable in cash only and no Common Shares or other securities convertible or exchangeable for Common Shares shall be issuable pursuant to the Omnibus Plan. In such event, the Company expects to continue use of the Existing Stock Option Plan, in the ordinary course, subject to applicable Exchange rules and the Existing Stock Option Plan will continue to govern the outstanding Options that have been previously granted thereunder.

Omnibus Plan Resolution

In accordance with the policies of the Exchange, the Omnibus Plan Resolution will require the approval of majority of the votes cast in person or by proxy at the Meeting by the Shareholders (the "**Omnibus Plan Approval**"). At the

Meeting, the Shareholders of the Company will be asked to consider and approve the Omnibus Plan Resolution (the "**Omnibus Plan Resolution**"), which resolution requires approval of greater than 50% of the votes cast by the Shareholders of the Company who, being entitled to do so, vote, in person or by proxy, on the Omnibus Plan Resolution at the Meeting.

The full text of the Omnibus Plan Resolution is set out in Schedule "A" – *RESOLUTIONS TO BE APPROVED AT THE MEETING* to this Information Circular.

Recommendation of the Board

The Board has determined that the Omnibus Plan is in the best interests of the Company and the Shareholders and unanimously recommends that Shareholders vote FOR the Omnibus Plan Resolution. **In the absence of instructions to the contrary, the persons whose names appear in the enclosed form of proxy intend to vote FOR the Omnibus Plan Resolution.**

The Board reserves the right to amend any terms of the Omnibus Plan or not to proceed with the Omnibus Plan at any time prior to the Meeting if the Board determines that it would be in the best interests of the Company and the Shareholders and to do so in light of any subsequent event or development occurring after the date of the Information Circular.

Key Terms of the Omnibus Plan

A summary of the key terms of the Omnibus Plan is set out below, which is qualified in its entirety by the full text of the Omnibus Plan. A copy of the Omnibus Plan is attached as Schedule "D" – *OMNIBUS PLAN* hereto. Capitalized terms used but not otherwise defined in this section shall have the meanings given to them in the Omnibus Plan.

Purpose:	The purpose of the Omnibus Plan is to permit the Company to grant Awards to Eligible Participants to (i) align the interests of the Company with Eligible Participants, (ii) provide an incentive to such Eligible Participants to continue their services for the Company or a Subsidiary, (iii) reward Participants for their performance of services while working for the Company or a Subsidiary; and (iv) provide a means through which the Company or a Subsidiary may attract and retain individuals to enter its employment or service.
Plan Administration:	The Omnibus Plan shall be administered and interpreted by the Board or, if the Board by resolution so decides, by a committee or plan administrator appointed by the Board. Subject to the terms of the Omnibus Plan, applicable law and the rules of the Exchanges, the Board (or its delegate) will have the power and authority to (i) designate the Eligible Participants who will receive Awards (an Eligible Participant who receives an Award, a " Participant "), (ii) fix the number of Awards, if any, to be granted to each Eligible Participant and the date or dates on which such Awards shall be granted, (iii) determine the terms and conditions of any Award, including any vesting conditions or conditions based on performance of the Company or of an individual (" Performance Criteria "), and (iv) make such amendments to the Omnibus Plan and Awards made under the Omnibus Plan as are permitted by the Omnibus Plan, and provided that, unless permitted under the applicable Exchange Rules, no Award shall vest before the one-year anniversary from the date of grant.
Eligible Participants:	In respect of a grant of Options or RSUs, any <i>bona fide</i> director, executive officer, employee or Management Company Employee of the Company or any Subsidiary, or <i>bona fide</i> Consultant. In respect of a grant of DSUs, any <i>bona fide</i> Non-Employee Director.
Award Types:	All Awards are granted by an agreement or other instrument or document evidencing the Award granted under the Omnibus Plan. An Option is an option granted by the Company to a Participant entitling such Participant to acquire one Share from treasury at the Option Price, or to deal with such Option on a "cashless exercise" and "net exercise" basis in accordance with the terms of the Omnibus Plan. RSUs and DSUs entitle the Participant to receive cash or Common Shares, as determined by the Company in its sole discretion, unless such Award expires prior to being settled.

Share Reserve:	The maximum aggregate number of Common Shares, issuable at any time under the Omnibus Plan (and all of the Company's security-based compensation arrangements) may not exceed 12,800,000 Common Shares, being 10% of the Company's total issued and outstanding Common Shares at May 7, 2026.
Share Counting:	Each Common Share subject to an Option, RSU or DSU shall be counted as reserving one Common Share under the Omnibus Plan.
Share Recycling:	If an outstanding Award under the Omnibus Plan (or portion thereof) expires or is forfeited, surrendered, cancelled or otherwise terminated for any reason without having been exercised or settled in full, or if an outstanding Award (or portion thereof) is settled in cash and not Common Shares or if Common Shares acquired pursuant to such outstanding Award subject to forfeiture are forfeited, the Common Shares covered by such Award, if any, will again be available for issuance under the Omnibus Plan. Common Shares will not be deemed to have been issued pursuant to the Omnibus Plan with respect to any portion of an Award that is settled in cash.
Term:	<ul style="list-style-type: none"> • Options: The Board shall determine, at the time of granting the particular Option, the period during which the Option is exercisable, which shall not be more than ten (10) years from the date the Option is granted. All unexercised Options shall be cancelled, without any compensation, at the expiry of such Options. • RSUs: The Board shall determine, at the time of granting the RSUs, the date or dates on which such RSUs shall be granted and the relevant conditions, vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and Restriction Period of such Award. Vesting conditions may, without limitation, be based on the passage of time during continued employment (or other service relationship) or the achievement of specified Performance Criteria, or both. • DSUs: The Board shall determine, at the time of granting the DSUs, the date or dates on which such DSUs shall be granted and the relevant conditions and vesting provisions. DSUs shall not be fully vested before the date that is one-year following the date of issuance, and a Participant is only entitled to redemption of a DSU, when the Participant ceases to be a director, officer or employee of the Company for any reason, including termination, retirement or death.
Blackout Period:	<ul style="list-style-type: none"> • Options: If the date on which an Option term expires falls within a Blackout Period, the expiration date of the Option will be the date that is ten (10) Business Days after the Blackout Period Expiry Date. The ten (10) Business Day period may not be further extended by the Board. • RSUs: If the date on which any RSUs would otherwise vest falls within a Blackout Period, the Vesting Date of such RSUs will be deemed to be the date that is the earlier of (i) ten (10) Business Days after the Blackout Period Expiry Date (which period may not be further extended by the Board), and (ii) the RSU Outside Expiry Date in respect of such RSUs, provided that, in no event, will the redemption and settlement of any RSUs of a Participant who is a U.S. Taxpayer be delayed beyond March 15th of the calendar year immediately following the year in which such RSUs are not, or are no longer, subject to a substantial risk of forfeiture. • DSUs: If the date on which any DSUs have vested falls within a Blackout Period, the vesting of such DSUs will be deemed to occur on the date that is ten (10) Business Days after the Blackout Period Expiry Date. The ten (10) Business Day period may not be further extended by the Board.
Redemption:	<ul style="list-style-type: none"> • Options: An Option is exercisable by delivering a fully completed Exercise Notice specifying the number of Common Shares in respect of which the Option is being exercised and shall be accompanied by payment, in full, of (i) the Option Price multiplied by the number of Options being exercised as specified in such notice, and (ii) such amount in respect of Tax Obligations as the Company may require. As soon as practicable after such exercise but no later than ten (10) Business Days following such exercise, the Company shall cause the transfer agent and registrar of the Common Shares to issue the aggregate number of Common Shares as specified in the Exercise Notice and evidenced by a Direct Registration

	<p>Statement ("DRS") advice, unless a certificate has been requested by the Participant or the Company elects an alternative form of settlement for the Common Shares so issued. A Participant also has the option, when entitled to exercise an Option, to deal with such Option on a "cashless exercise" basis in accordance with the terms of the Omnibus Plan.</p> <ul style="list-style-type: none"> • RSUs / DSUs: A Participant's vested RSUs or DSUs shall be redeemed in consideration for a cash payment or the issuance of Common Shares on the applicable Redemption Date. Any cash payment to which the Participant is entitled, subject to applicable Tax Obligations, shall be paid to the Participant by the Company in cash, by cheque or by such other payment method as the Company and the Participant may agree. Where the Company has elected to settle all or a portion of the Participant's vested RSUs or DSUs in Common Shares issued from treasury, the Company shall deliver to the Participant a DRS advice representing the Common Shares to which such Participant is entitled, unless a certificate has been requested by the Participant or the Company elects an alternative form of settlement for the Common Shares.
<p>Participation Limits:</p>	<p>Unless the Company has obtained the requisite disinterested Shareholder approval as required by the Exchange Rules:</p> <ul style="list-style-type: none"> • the maximum number of Common Shares that are issuable to Insiders, at any time, pursuant to the Omnibus Plan and all other share-based compensation arrangements of the Company is 10% of the total number of Common Shares then outstanding; and • the maximum number of Common Shares issued to Insiders, within any twelve (12) month period, pursuant to the Omnibus Plan and all other share-based compensation arrangements of the Company is 10% of Common Shares then outstanding. <p>If the Company is listed on the TSX on the date the Awards are granted, subject to the other participation limitations set forth in this section, the Board may make Awards to non-employee directors under the Omnibus Plan, provided that the annual grant of Awards under the Omnibus Plan to any one non-employee director shall not exceed \$150,000 in value of which no more than \$100,000 may comprise Options.</p> <p>If the Common Shares are then listed on the Exchange, the maximum number of Common Shares that may be made issuable to certain Participants, are subject to the following limitations:</p> <ul style="list-style-type: none"> • the maximum aggregate number of Common Shares that may be made issuable pursuant to all Options granted in any twelve (12) month period to all Eligible Charitable Organizations (i) must not exceed 1% of the number of Common Shares issued and outstanding, calculated as at the date any Award is granted or issued to the Eligible Charitable Organization and (ii) must expire after the earlier of: (x) 10 years from the date of grant and (y) 90 days after the Participant ceases to be an Eligible Charitable Organization; • the maximum number of Common Shares that may be made issuable pursuant to Awards made to any person, including employees and Non-Employee Directors, within any one-year period shall not exceed 5% of the Outstanding Issue calculated as at the date any Award is granted or issued to such person (unless the Company has obtained the requisite disinterested Shareholder approval as required by the Exchange Rules); • the maximum aggregate number of Common Shares that are issuable pursuant to all Awards granted or issued in any twelve (12) month period to any one Consultant must not exceed 2% of the number of Common Shares issued and outstanding, calculated as at the date any Award is granted or issued to the Consultant; • the maximum aggregate number of Common Shares that are issuable pursuant to all Options granted in any twelve (12) month period to all Investor Relations Service Providers in aggregate must not exceed 2% of the number of Common Shares issued and outstanding, calculated as at the date any Option is granted to any such Investor Relations Service Provider; and • Investor Relations Service Providers may not receive any Awards other than Options.
<p>Effect of Termination on Awards:</p>	<p>Each Option shall be subject to the following:</p> <ul style="list-style-type: none"> • Resignation: Any unvested Option granted to such Participant will terminate and become void immediately upon such resignation. Any vested Option held by such Participant will

cease to be exercisable on the earlier of (i) ninety (90) days after the Participant's Termination Date, and (ii) the expiry date of such Option as set forth in the applicable Grant Agreement, after which such vested Option will expire.

- **Termination for Cause:** Any vested or unvested Option granted to such Participant will terminate automatically and become void immediately. The determination by the Company that the Participant was discharged for Cause shall be binding on the Participant. "Cause" shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the Company's codes of conduct and any other reason determined by the Company to be Cause for termination.
- **Termination not for Cause:** Any unvested Option granted to such Participant will terminate and become void immediately. Any vested Option granted to such Participant may be exercised by such Participant, subject to the limitations set forth in the Omnibus Plan. Unless otherwise determined by the Board, in its discretion, such vested Option shall only be exercisable until the earlier of (i) ninety (90) days after the Participant's Termination Date (or such later date as the Board may, in its discretion, determine, but which shall not be later than 12 months from the Participant's Termination Date), and (ii) the expiry date of such Option as set forth in the applicable Grant Agreement, after which such vested Option will expire. For greater certainty, no Option shall be exercisable, redeemable or settled beyond a date that is 12 months from the Participant's Termination Date or such date that a Participant ceases to be an Eligible Participant, and no Participant shall have any rights with respect to any Option not redeemed or settled beyond such date.
- **Retirement or Permanent Disability:** Any unvested Option granted to such Participant will terminate and become void immediately. Any vested Option held by such Participant will cease to be exercisable on the earlier of (i) ninety (90) days from the date of Retirement or the date on which the Participant ceases his or her employment or service relationship with the Company or any Subsidiary by reason of permanent disability, and (ii) the expiry date of such Option as set forth in the applicable Grant Agreement, after which such vested Option will expire.
- **Death:** Each unvested Option granted to such Participant will terminate and become void immediately. Each vested Option held by such Participant on the Termination Date may be exercised by the legal representative of the Participant, provided that any such vested Option shall cease to be exercisable on the earlier of (i) the date that is six (6) months after the Participant's death, or (ii) the expiry date of such Option as set forth in the applicable Grant Agreement, after which such vested Option will expire.
- **Leave of Absence:** Upon a Participant electing a voluntary leave of absence of more than twelve (12) months, including maternity and paternity leaves, the Board may determine, in its discretion, but subject to applicable laws, that such Participant's participation in the Omnibus Plan shall be terminated, provided that all vested Options in the Participant's Account will remain outstanding and in effect until the applicable exercise date, or an earlier date determined by the Board in its discretion.

Each RSU and/or DSU shall be subject to the following:

- **Termination for Cause and Resignation.** The Participant's participation in the Omnibus Plan will be terminated immediately, all RSUs and/or DSUs credited to such Participant's Account that have not vested will be forfeited and cancelled, and the Participant's rights that relate to such Participant's unvested RSUs and/or DSUs will be forfeited and cancelled on the Termination Date; provided, however, that any Participant (or the Participant's legal representative) shall not forfeit their entitlement to any DSUs as a result of the occurrence of any of the events set forth in Section 6.3 of the Omnibus Plan.
- **Death, Retirement, Leave of Absence or Termination of Service.**
 - (i) **Time Vesting Component:** In the event the Participant is not entitled to a Benefits Extension Period, then the time vesting component of each RSU grant will be *pro-rated* based on the number of days actually worked from the date of RSU grant until the Termination Date or the date that the voluntary leave of absence begins, as applicable, over the number of days in the original vesting schedule in relation to such RSU grant. In the event the Participant is entitled to a Benefits Extension Period, then the time vesting component of each RSU grant will be pro-rated based on the sum of (i) the

	<p>number of days actually worked from the date of RSU grant up until the Termination Date or date that the voluntary leave of absence begins, as applicable, and (ii) the number of days included in the Benefits Extension Period, over the number of days in the original vesting schedule in relation to such grant.</p> <p>(ii) Performance Criteria Component: In the event the Participant is not entitled to a Benefits Extension Period, then the performance vesting component of each RSU grant will be pro-rated based on the number of days actually worked from the date of RSU grant until the Termination Date or the date that the voluntary leave of absence begins, as applicable, over the number of days in the original vesting schedule in relation to such grant; the number of vested RSUs resulting from such pro-rated calculation will be multiplied by the performance percentage determined by the Board. In the event the Participant is entitled to a Benefits Extension Period, then the performance vesting component of each RSU grant will be pro-rated based on the sum of (i) the number of days actually worked from the date of grant up until the Termination Date or the date that the voluntary leave of absence begins, as applicable, and (ii) the number of days included in the Benefits Extension Period, over the number of days of the original vesting schedule set forth in relation to such grant.</p>
<p>Change of Control:</p>	<p>In the event of a Change of Control:</p> <ul style="list-style-type: none"> • Options: The Board will have the power, in its sole discretion, to modify the terms of the Omnibus Plan and/or the Awards to assist the Participants to tender into a takeover bid or participating in any other transaction leading to a Change of Control, including to (i) provide that any or all Options shall thereupon terminate, provided that any such outstanding Options that have vested shall remain exercisable until the consummation of such Change of Control, and (ii) permit Participants to conditionally exercise their vested Options immediately prior to the consummation of the take-over bid and the Common Shares issuable under such Options to be tendered to such bid, such conditional exercise to be conditional upon the take-up by such offeror of the Common Shares or other securities tendered to such take-over bid in accordance with the terms of such take-over bid. • RSUs: In the event of a Change of Control, the Board may exercise its discretion, subject to applicable Exchange Rules, to accelerate the vesting of, or waive the Performance Criteria or other vesting conditions applicable to, outstanding RSUs, and the date of such action will be the Vesting Date of such RSUs. • If within twelve (12) months following a Change of Control a Participant who was also an officer or employee of, or Consultant to, the Company prior to the Change of Control has their Employment Agreement or Consulting Agreement terminated, or the Participant is constructively dismissed, then (i) all unvested Options granted to such Participant shall immediately vest and become exercisable, and remain open for exercise until the earlier of (A) their expiry date as set out in the applicable Grant Agreement, and (B) the date that is ninety (90) days after such termination or dismissal, and (ii) all unvested RSUs shall become vested, and the date of such Participant's Termination Date shall be deemed to be the Vesting Date. If the Common Shares are then listed on the Exchange, no acceleration of the vesting provisions of Options granted to Investor Relations Service Providers is allowed without the prior acceptance of the Exchange.
<p>Assignment:</p>	<p>Each Award granted under the Omnibus Plan is personal to the Participant and shall not be assignable or transferable by the Participant, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased Participant. No Award granted shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.</p>
<p>Amendment:</p>	<p>The Board may suspend or terminate the Omnibus Plan at any time, or from time to time amend or revise the terms of the Omnibus Plan or any granted Award, without the consent of the Participants, provided that such suspension, termination, amendment or revision will (i) not adversely alter or impair the rights of any Participant without the consent of such Participant (except as permitted by the Omnibus Plan), and (ii) be in compliance with applicable law.</p> <p>The Board may, from time to time, without approval of the Shareholders of the Company, make the following amendments to the Omnibus Plan:</p>

	<ul style="list-style-type: none"> • any amendment necessary to comply with applicable law (including taxation laws), or the requirements of the Exchange (or any other Stock Exchange) or any other regulatory body; • any amendment of a "housekeeping" nature, including to clarify the meaning of an existing provision of the Omnibus Plan, correct or supplement any provision of the Omnibus Plan that is inconsistent with any other provision of the Omnibus Plan, correct any grammatical or typographical errors, or amend the definitions in the Omnibus Plan; • any amendment regarding the administration of the Omnibus Plan; and • any other amendment that does not require the approval of the Shareholders of the Company. <p>The Board shall be required to obtain Shareholder approval, or disinterested Shareholder approval, where applicable, to make the following amendments:</p> <ul style="list-style-type: none"> • any increase to the maximum number of Common Shares issuable under the Omnibus Plan, except in the event of an adjustment pursuant to the Omnibus Plan; • except in the case of an adjustment pursuant to the Omnibus Plan, any amendment which reduces the Option Price of an Option or any cancellation of an Option and replacement of such Option with an Option with a lower Option Price; • any amendment which extends the expiry date of any Award, or the Restriction Period of any RSU, beyond the original expiry date or Restriction Period; • any amendment to the number of Common Shares that may be issuable pursuant to Awards made to employees and Non-Employee Directors; • any amendment to the limits on Awards to Non-Employee Directors pursuant to the Omnibus Plan; and • any amendment to the definition of an Eligible Participant under the Omnibus Plan. <p>Any amendments to the terms of the Omnibus Plan or to grants or issuances of Awards will, if required by applicable Exchange Rules, be subject to the prior approval of the Stock Exchange and the approval of the Shareholders (including disinterested Shareholder approval, where required).</p>
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Common Shares Available for Awards

As outlined above, the aggregate maximum number of Common Shares reserved for issuance pursuant to the Omnibus Plan shall be equal to 12,800,000 Common Shares, being 10% of the outstanding Common Shares of the Company as at May 7, 2026, less any Common Shares underlying or made issuable pursuant to awards granted or issued by the Company under any other share compensation arrangement of the Company.

As of the Record Date, the Company has 6,825,000 Common Shares (representing approximately 5% of the issued and outstanding Common Shares of the Company as of the Record Date) reserved for issuance under (i) existing Options pursuant to the Existing Stock Option Plan, which will become subject to and governed by the Omnibus Plan following the approval of the Omnibus Plan Resolution.

Reapproval of the Existing Stock Option Plan

In the event that the Omnibus Plan Resolution does not receive the requisite approval of Shareholders at the Meeting, the Company will maintain the Existing Stock Option Plan, which was adopted on June 23, 2023, and most recently approved by the Shareholders on June 26, 2025. The Existing Stock Option Plan reserves a rolling maximum of 10% of the number of Common Shares issued and outstanding on the applicable date of grant. As the Existing Stock Option Plan is a rolling plan, under Exchange policy, the Existing Stock Option Plan must be presented to Shareholders for approval by ordinary resolution at every annual general meeting of the Company to authorize continuation of the Existing Stock Option Plan. As at the date of this Information Circular, the Company had 128,724,521 Common Shares issued and outstanding so that a maximum of 12,800,000 Common Shares would be available for issuance pursuant to Options granted under the Existing Stock Option Plan. As at the date of this Information Circular, there

were 5,975,000 Options outstanding under the Existing Stock Option Plan, leaving 6,825,000 Common shares available for the granting of further Options.

Existing Stock Option Plan Resolution

In accordance with the policies of the Exchange, the resolutions approving the Existing Stock Option Plan (the "**Existing Stock Option Plan Resolution**") will require the approval of majority of the votes cast in person or by proxy at the Meeting by the Shareholders. At the Meeting, the Shareholders will be asked to consider and approve the Existing Stock Option Resolution, which resolution requires approval of greater than 50% of the votes cast by the Shareholders who, being entitled to do so, vote, in person or by proxy, on the Existing Stock Option Resolution at the Meeting.

The full text of the Existing Stock Option Plan Resolution is set out in Schedule "A" – *RESOLUTIONS TO BE APPROVED AT THE MEETING* to this Information Circular.

Recommendation of the Board

The Board has determined that the Existing Stock Option Plan is in the best interests of the Company and the Shareholders and unanimously recommends that Shareholders vote FOR the Existing Stock Option Resolution in the event that the Omnibus Plan Resolution does not receive the requisite approval of Shareholders at the Meeting. **In the absence of instructions to the contrary, the persons whose names appear in the enclosed form of proxy intend to vote FOR the Existing Stock Option Plan Resolution.**

The Board reserves the right to amend any terms of the Existing Stock Option Plan or not to proceed with the Existing Stock Option Plan at any time prior to the Meeting if the Board determines that it would be in the best interests of the Company and the Shareholders and to do so in light of any subsequent event or development occurring after the date of the Information Circular.

Summary of the Existing Stock Option Plan

Eligibility

The Existing Stock Option Plan allows the Company to grant Options to attract, retain and motivate qualified directors, officers, employees and consultants of the Company and its subsidiaries (collectively, the "**Existing Stock Option Plan Participants**").

Number of Shares Issuable

The aggregate number of Common Shares that may be issued to Existing Stock Option Plan Participants under the Existing Stock Option Plan will be that number of Shares equal to 10% of the issued and outstanding Shares on the particular date of grant of the Option, inclusive of the Outstanding Options.

Limits on Participation

The Existing Stock Option Plan provides for the following limits on grants, for so long as the Company is subject to the requirements of the Exchange, unless disinterested Shareholder approval is obtained or unless permitted otherwise pursuant to the policies of the Exchange:

- (a) the maximum number of Shares that may be issued to any one Existing Stock Option Plan Participant (and where permitted pursuant to the policies of the Exchange, any company that is wholly-owned by the Existing Stock Option Plan Participant) under the Existing Stock Option Plan, together with any other security based compensation arrangements, within a 12-month period, may not exceed 5% of the issued Shares calculated on the date of grant;

- (b) the maximum number of Shares that may be issued to insiders collectively under the Existing Stock Option Plan, together with any other security based compensation arrangements, within a 12-month period, may not exceed 10% of the issued Shares calculated on the date of grant; and
- (c) the maximum number of Shares that may be issued to insiders collectively under the Existing Stock Option Plan, together with any other security based compensation arrangements, may not exceed 10% of the issued Shares at any time.

For so long as such limitation is required by the Exchange, the maximum number of Options which may be granted within any 12-month period to Existing Stock Option Plan Participants who perform investor relations activities must not exceed 2% of the issued and outstanding Shares, and such Options must vest in stages over 12 months with no more than 25% vesting in any three month period. In addition, the maximum number of Shares that may be granted to any one consultant under the Existing Stock Option Plan, together with any other security based compensation arrangements, within a 12-month period, may not exceed 2% of the issued Shares calculated on the date of grant.

Administration

The plan administrator of the Existing Stock Option Plan (the "**Existing Stock Option Plan Administrator**") will be the Board or a committee of the Board, if delegated. The Existing Stock Option Plan Administrator will, among other things, determine which directors, officers, employees or consultants are eligible to receive Options under the Existing Stock Option Plan; determine conditions under which Options may be granted, vested or exercised, including the expiry date, exercise price and vesting schedule of the Options; establish the form of option certificate ("**Option Certificate**"); interpret the Existing Stock Option Plan; and make all other determinations and take all other actions necessary or advisable for the implementation and administration of the Existing Stock Option Plan.

Subject to any required regulatory or Shareholder approvals, the Existing Stock Option Plan Administrator may also, from time to time, without notice to or without approval of the Shareholders or the Existing Stock Option Plan Participants, amend, modify, change, suspend or terminate the Options granted pursuant thereto as it, in its discretion, determines appropriate, provided that no such amendment, modification, change, suspension or termination of the Existing Stock Option Plan or any Option granted pursuant thereto may materially impair any rights of an Existing Stock Option Plan Participant or materially increase any obligations of an Existing Stock Option Plan Participant under the Existing Stock Option Plan without the consent of such Existing Stock Option Plan Participant, unless the Existing Stock Option Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable securities laws or stock exchange requirements or as otherwise permitted pursuant to the Existing Stock Option Plan.

All of the Options are subject to the conditions, limitations, restrictions, vesting, exercise and forfeiture provisions determined by the Existing Stock Option Plan Administrator, in its sole discretion, subject to such limitations provided in the Existing Stock Option Plan, and will be evidenced by an Option Certificate. In addition, subject to the limitations provided in the Existing Stock Option Plan and in accordance with applicable law, the Existing Stock Option Plan Administrator may accelerate the vesting of Options, cancel or modify outstanding Options and waive any condition imposed with respect to Options or Shares issued pursuant to Options.

Exercise of Options

Options shall be exercisable as determined by the Existing Stock Option Plan Administrator at the time of grant, provided that no Option shall have a term exceeding 10 years so long as the Shares are listed on the Exchange.

Subject to all applicable regulatory rules, the vesting schedule for an Option, if any, shall be determined by the Existing Stock Option Plan Administrator. The Existing Stock Option Plan Administrator may elect, at any time, to accelerate the vesting schedule of an Option, and such acceleration will not be considered an amendment to such Option and will not require the consent of the Existing Stock Option Plan Participant in question. However, no acceleration to the vesting schedule of an Option granted to an Existing Stock Option Plan Participant performing investor relations services may be made without prior acceptance of the Exchange.

The exercise price of an Option shall be determined by the Existing Stock Option Plan Administrator and cannot be lower than the greater of: (i) the minimum price required by the Exchange; and (ii) the market value of the Shares on the applicable grant date.

An Existing Stock Option Plan Participant may exercise the Options in whole or in part through any one of the following forms of consideration, subject to applicable laws, prior to the expiry date of such Options, as determined by the Existing Stock Option Plan Administrator:

- the Existing Stock Option Plan Participant may send a wire transfer, certified cheque or bank draft payable to the Company in an amount equal to the aggregate exercise price of the Shares being purchased pursuant to the exercise of the Options;
- subject to approval from the Existing Stock Option Plan Administrator and the Shares being traded on the Exchange, a brokerage firm may be engaged to loan money to the Existing Stock Option Plan Participant in order for the Existing Stock Option Plan Participant to exercise the Options to acquire the Shares, subsequent to which the brokerage firm shall sell a sufficient number of Shares to cover the exercise price of such Options to satisfy the loan. The brokerage firm shall receive an equivalent number of Shares from the exercise of the Options, and the Existing Stock Option Plan Participant shall receive the balance of the Shares or cash proceeds from the balance of such Shares; and
- subject to approval from the Existing Stock Option Plan Administrator and the Shares being traded on the Exchange, consideration may be paid by reducing the number of Shares otherwise issuable under the Options, in lieu of a cash payment to the Company, an Existing Stock Option Plan Participant, excluding those providing investor relations services, only receives the number of Shares that is equal to the quotient obtained by dividing: (i) the product of the number of Options being exercised multiplied by the difference between the volume-weighted average trading price of the Shares and the exercise price of the Options, by (ii) the volume-weighted average trading price of the Shares. The number of Shares delivered to the Existing Stock Option Plan Participant may be further reduced to satisfy applicable tax withholding obligations. The number of Options exercised, surrendered or converted, and not the number of Shares issued by the Issuer, must be included in calculating the number of Shares issuable under the Existing Stock Option Plan and the limits on participation.

If an exercise date for an Option occurs during a trading black-out period imposed by the Company to restrict trades in its securities, then, notwithstanding any other provision of the Existing Stock Option Plan, the Option shall be exercised no more than ten business days after the trading black-out period is lifted by the Company, subject to certain exceptions.

Termination of Employment or Services and Change in Control

The following describes the impact of certain events that may, unless otherwise determined by the Existing Stock Option Plan Administrator or as set forth in an Option Certificate, lead to the early expiry of Options granted under the Existing Stock Option Plan.

Termination by the Company for cause:	Forfeiture of all unvested Options. The Existing Stock Option Plan Administrator may determine that all vested Options shall be forfeited, failing which all vested Options shall be exercised in accordance with the Existing Stock Option Plan.
Voluntary resignation of an Existing Stock Option Plan Participant:	Forfeiture of all unvested Options. Exercise of vested Options in accordance with the Existing Stock Option Plan.
Termination by the Company other than for cause:	Acceleration of vesting of a portion of unvested Options in accordance with a prescribed formula as set out in the Existing Stock Option Plan.(1) Forfeiture of

	the remaining unvested Options. Exercise of vested Options in accordance with the Existing Stock Option Plan.
Death or disability of an Existing Stock Option Plan Participant:	Acceleration of vesting of all unvested Options.(1) Exercise of vested Options in accordance with the Existing Stock Option Plan.
Termination or voluntary resignation for good reason within 12 months of a change in control:	Acceleration of vesting of all unvested Options.(1) Exercise of vested Options in accordance with the Existing Stock Option Plan.

Notes:

(1) Any acceleration of vesting of unvested Options granted to an investor relations service provider is subject to the prior written approval of the Exchange.

Any Options granted to an Existing Stock Option Plan Participant under the Existing Stock Option Plan shall terminate at a date no later than 12 months from the date such Existing Stock Option Plan Participant ceases to be an Existing Stock Option Plan Participant.

In the event of a triggering event, which includes a change in control, dissolution or winding-up of the Company, a material alteration of the capital structure of the Company and a disposition of substantially all of the Company's assets, the Existing Stock Option Plan Administrator may, without the consent of the Existing Stock Option Plan Participant, cause all or a portion of the Options granted to terminate upon the occurrence of such event.

Amendment or Termination of the Existing Stock Option Plan

Subject to any necessary regulatory approvals, the Existing Stock Option Plan may be suspended or terminated at any time by the Existing Stock Option Plan Administrator, provided that no such suspension or termination shall alter or impact any rights or obligations under an Option previously granted without the consent of the Existing Stock Option Plan Participant.

The following limitations apply to the Existing Stock Option Plan and all Options thereunder as long as such limitations are required by the Exchange:

- any adjustment to Options, other than in connection with a security consolidation or security split, is subject to prior Exchange acceptance and the issuance of a news release by the Company outlining the terms thereof;
- any amendment to the Existing Stock Option Plan is subject to prior Exchange acceptance, except for amendments to reduce the number of Shares issuable under the Existing Stock Option Plan, to increase the exercise price of Options or to cancel Options;
- any amendments made to the Existing Stock Option Plan shall require regulatory and Shareholder approval and the issuance of a news release by the Company outlining the terms thereof, except for amendments to: (i) fix typographical errors; and (ii) clarify existing provisions of the Existing Stock Option Plan and which do not have the effect of altering the scope, nature and intent of such provisions; and
- the exercise price of an Option previously granted to an insider must not be reduced, or the extension of the expiry date of an Option held by an insider may not be extended, unless the Company has obtained disinterested Shareholder approval to do so in accordance with Exchange policies.

Subject to the foregoing limitations and any necessary regulatory approvals, the Existing Stock Option Plan Administrator may amend any existing Options or the Existing Stock Option Plan or the terms and conditions of any Option granted thereafter, although the Existing Stock Option Plan Administrator must obtain written consent of the Existing Stock Option Plan Participant (unless otherwise excepted out by a provision of the Existing Stock Option

Plan) where such amendment would materially decrease the rights or benefits accruing to an Existing Stock Option Plan Participant or materially increase the obligations of an Existing Stock Option Plan Participant.

ADDITIONAL INFORMATION

Additional Information concerning the Company is available on SEDAR+ at www.sedarplus.ca under the Company's issuer profile. Financial information concerning the Company is provided in the Company's comparative financial statements and Management's Discussion and Analysis for the financial year ended September 30, 2025 and may be viewed on SEDAR+ at www.sedarplus.ca under the Company's issuer profile.

Shareholders wishing to obtain a copy of the Company's financial statements and Management's Discussion and Analysis may contact the Company as follows:

Robert J. Scott, Chief Financial Officer
550-800 W. Pender Street, Vancouver,
British Columbia, Canada, V6E 4M3
Telephone: (778) 327-6671
Fax: (778) 327-6675

REQUEST FOR FINANCIAL STATEMENTS

National Instrument 51-102 – *Continuous Disclosure Obligations* sets out the procedures for a Shareholder to receive financial statements. If you wish to receive financial statements, you may use the enclosed form or provide instructions in any other written format. Registered Shareholders must also provide written instructions in order to receive the financial statements.

BOARD APPROVAL

The contents of this Information Circular have been approved and its mailing has been authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 7 day of May 2026.

ON BEHALF OF THE BOARD

(signed) "Alberto Orozco"

Alberto Orozco
Chief Executive Officer & Director

SCHEDULE "A"

RESOLUTIONS TO BE APPROVED AT THE MEETING

Unless noted otherwise herein, capitalized terms used in these resolutions that are not otherwise defined herein shall have the meanings ascribed to them in the management information circular of the Company dated May 7, 2026 (the "**Information Circular**").

Shareholder Rights Plan Resolution

BE IT RESOLVED as an ordinary resolution of the shareholders of Capitan Silver Corp. (the "**Company**") that:

1. the adoption of the shareholder rights plan (the "**Rights Plan**") as set forth in the Shareholder rights plan agreement dated May 7, 2026 (the "**Shareholder Rights Plan Agreement**") between the Company and Olympia Trust Company of Canada ("**Olympia**") as rights agent (the "**Rights Agent**"), as set out in Schedule "C" – *SHAREHOLDER RIGHTS PLAN* of the Company's management information circular dated May 7, 2026, the Company entering into the Shareholder Rights Plan Agreement, and the issuance of all rights issued pursuant to the Shareholder Rights Plan, is hereby ratified, confirmed and approved;
2. the appointment of Olympia as the Rights Agent under the Shareholder Rights Plan Agreement is hereby ratified, confirmed and approved;
3. the directors of the Company acknowledge that no Flip-in Event has occurred to date; and
4. any one of the officers or directors of the Company be and is hereby authorized for and on behalf of the Company (whether under its corporate seal or otherwise) to execute and deliver all documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement the foregoing resolutions and the matters authorized hereby, such determinations to be conclusively evidenced by the execution and delivery of such documents and other instruments or the taking of any such action.

Omnibus Plan Resolution

BE IT RESOLVED as an ordinary resolution of the shareholders of Capitan Silver Corp. (the "**Company**") that:

1. subject to receipt of any applicable regulatory approval, the adoption of the omnibus incentive plan (the "**Omnibus Plan**") as approved by the board of directors of the Company (the "**Board**") on May 7, 2026, in the form attached as Schedule "D" – *OMNIBUS PLAN* to the management information circular of the Company dated May 7, 2026, be and is hereby ratified, confirmed and approved;
2. the Board may grant Awards (as defined in the Omnibus Plan) pursuant to the Omnibus Plan which exceed the participation limits outlined in Section 2.5 of the Omnibus Plan from time to time, subject to the overall limitations established in the Omnibus Plan;
3. the maximum number of common shares of the Company reserved for issuance under the Omnibus Plan and all other Share Based Compensation Arrangements (as defined in the Omnibus Plan) of the Company shall not exceed 10% of the Outstanding Issue (as defined in the Omnibus Plan), unless disinterested Shareholder approval is obtained;
4. the Awards to be issued under the Omnibus Plan, and all unallocated options and other Awards under the Omnibus Plan, be and are hereby ratified and approved;
5. notwithstanding that this resolution be passed by the Shareholders of the Company, the adoption of the proposed Omnibus Plan is conditional upon receipt of any applicable regulatory approvals, and

the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the Shareholders of the Company, at any time if such revocation is considered necessary or desirable to the directors;

6. the Board is hereby authorized to make such amendments to the Omnibus Plan from time to time, as may be required by the applicable regulatory authorities, or as may be considered appropriate by the Board, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in certain cases, in accordance with the terms of the Omnibus Plan, the approval of the Shareholders; and
7. any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, all such documents and instruments and to perform or cause to be performed all such other acts and things as in such director's or officer's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

Existing Stock Option Plan Resolution

BE IT RESOLVED as an ordinary resolution of the Shareholders of Capitan Silver Corp. (the "**Company**") that:

1. the Company's stock option plan adopted June 23, 2023 (the "**Existing Stock Option Plan**"), be and is hereby ratified and approved;
2. the directors of the Company or any committee of the board of directors of the Company are hereby authorized to grant stock options (each, an "**Option**") pursuant to the Existing Stock Option Plan to those eligible to receive Options thereunder;
3. any one director or officer of the Company is hereby authorized to execute and deliver on behalf of the Company all such documents and instruments and to do all such other acts and things as in such director's opinion may be necessary to give effect to the matters contemplated by these resolutions;
4. the number of common shares of the Company reserved for issuance under the Existing Stock Option Plan shall be no more than 10% of the Company's issued and outstanding share capital at the date of an Option grant; and
5. the board of directors of the Company be authorized to make any amendments to the Existing Stock Option Plan from time to time, as may be required by the applicable regulatory authorities, or as may be considered appropriate by the Board, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in certain cases, in accordance with the terms of the Existing Stock Option Plan, the approval of the Shareholders of the Company.

SCHEDULE "B"

AUDIT COMMITTEE CHARTER

1. Purpose

The Audit Committee (the "**Committee**") of Capitan Silver Corp. (the "**Company**") shall have the responsibility of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company. The Committee shall also be responsible for oversight of the Company's risk management and complaint processes.

2. Composition

The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, the TSX Venture Exchange, the *Business Corporations Act* (British Columbia) and all applicable securities regulatory authorities.

2.1 Members

The Committee shall be composed of at least three and not more than five directors (collectively, the "**Members**"). The Board of Directors of the Company (the "**Board**") shall appoint the Members annually, at the Board's first meeting held following the annual general meeting of shareholders of the Company, to hold office for the ensuing year until their successor is appointed, or until they resign, cease to be a director or are removed or replaced by the Board.

2.2 Qualifications

A majority of the Members of the Committee shall be "independent" and "financially literate" (each as defined in NI 52-110), except to the extent permitted by National Instrument 52-110 – *Audit Committees*, as it may be amended or replaced from time to time ("**NI 52-110**"), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment. Attached hereto as Schedule "A" of this Charter sets forth both the meaning of independence and financial literacy under NI 52-110 as in effect on the date of the adoption of this Audit Committee Charter.

At least one member of the Committee shall have accounting or related financial expertise or sophistication as such qualifications are interpreted by the Board in light of applicable laws and stock exchange rules.

At least one member of the Committee shall have demonstrable audit experience, as determined by the Board.

If a Committee member simultaneously serves on the audit committee of more than four other public companies (or five, in the case of a director with demonstrable financial expertise), the Board shall make a determination as to whether such service impairs the ability of such member to serve effectively on the Committee and provide such disclosure as necessary in the Company's annual management information circular.

2.3 Chair

The Members shall elect the chair of the Committee (the "**Chair**") to hold office for the ensuing year until their successor is elected, or until they resign, cease to be a director or are removed or replaced by the Board or the Committee.

The position description and responsibilities of the Chair are set out in Schedule "B" attached hereto.

2.4 Removal and Replacement

Any Member of the Committee may be removed or replaced at any time by the Board and shall cease to be a Member of the Committee on ceasing to be a director of the Company. The Board may fill vacancies by appointment from among the Board. If, and whenever, a vacancy shall exist on the Committee, the remaining Members may exercise all of their powers so long as a quorum remains.

3. Meetings and Procedures

3.1 Meetings

The Committee shall meet as frequently as required, but at least once per quarter, or as may be required by applicable legal or listing requirements.

3.2 Independent Meetings

The Members may meet in-camera, independently and with only members of the Committee in attendance, following most meetings of the Committee, or as necessary.

3.3 Quorum

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of Members.

3.4 Notice

Committee meetings shall be held from time to time and at such place as any member of the Committee shall determine with not less than forty-eight (48) hours advance notice. The notice period may be waived by all members of the Committee. Any member of the Committee or the independent auditors of the Company may call a meeting.

3.5 Participation

Members may participate in a meeting of the Committee in person or by means of telephone, web conference or other communication equipment. The Committee may invite such other directors, officers and employees of the Company and such other advisors and persons as is considered advisable to attend any meeting of the Committee. For greater certainty, the Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.

3.6 Agenda and Minutes

The Chair, with the assistance of the Corporate Secretary, shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall be, to the extent practical, communicated to members of the Committee sufficiently in advance of each meeting to permit meaningful review. The Committee will keep minutes of its meetings which shall be available for review by the Board.

3.7 Voting

Any matter to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Any action of the Committee may also be taken by written resolution signed by all of the members of the Committee and any such action shall be as effective as if it had been decided by a majority of the votes cast at a Committee meeting. In case of an equality of votes, the matter will be referred to the Board for decision. All decisions or recommendations of the Committee shall

require the approval of the Board prior to implementation, other than any sole discretion and authority provided under this Audit Committee Charter and as allowed under applicable laws and regulations.

3.8 Report to Board

The Committee shall report regularly to the entire Board. The Chair shall report any decisions or significant matters to the Board at a duly called Board meeting.

3.9 Assessment of Charter

The Committee shall review and reassess the adequacy of this Audit Committee Charter annually and recommend any proposed changes to the Board for approval.

4. Primary Duties, Powers and Responsibilities

The Committee shall provide assistance to the Board in fulfilling its oversight responsibilities under applicable laws with respect to (i) the overall integrity of the Company's financial reporting processes, (ii) financial reporting and disclosure requirements; (iii) the system of internal control over financial reporting that management has established; (iii) the internal (if applicable) and external audit process; (iv) compliance with legal and regulatory requirements; (v) the processes for identifying, evaluating and managing the Company's principal risks impacting financial reporting, and (vi) the independent auditors' qualifications and independence.

4.1 Primary Duties and Responsibilities

The Committee's primary duties and responsibilities are to:

- 4.1.1 conduct such reviews and discussions with management and the external auditors relating to audit and financial reporting as are deemed appropriate by the Committee;
- 4.1.2 assess the integrity of internal controls and financial reporting procedures of the Company and ensure implementation of such controls and procedures;
- 4.1.3 review the quarterly and annual financial statements and management's discussion and analysis ("MD&A") of the Company's financial position and operating results as applicable, and in the case of the annual financial statements and related MD&A, report thereon to the Board for approval of same;
- 4.1.4 select and monitor the independence and performance of the Company's external auditors, including attending private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and
- 4.1.5 provide oversight of all disclosure relating to, and information derived from, financial statements, MD&A and information.

4.2 Scope of Authority and Responsibility

- 4.2.1 The Committee shall have the power to conduct or authorize investigations appropriate to its responsibilities, and it may request the external auditors, as well as any officer or employee of the Company, its external legal counsel or external auditor to attend a meeting of the Committee or to meet with any member(s) or advisors of the Committee.
- 4.2.2 While the Committee has the responsibilities and powers set forth in this Audit Committee Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles. Management is responsible for the preparation,

presentation and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies used. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.

- 4.2.3 The Committee shall have unrestricted access to the books and records of the Company and has the authority to retain, at the expense of the Company, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.
- 4.2.4 The Committee shall be accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Committee shall maintain an open communication between the Company's external auditor and the Board. The responsibilities of a member of the Committee shall be in addition to such member's duties as a member of the Board.
- 4.2.5 The Committee should, where it deems appropriate, resolve disagreements, if any, between management and the external auditor, and review compliance with laws and regulations and the Company's own policies.
- 4.2.6 The Committee will provide the Board with such recommendations and reports with respect to the financial disclosures of the Company, as it deems advisable.
- 4.2.7 In fulfilling its responsibilities, the Committee will carry out the specific duties set out in this Audit Committee Charter.

5. Specific Duties, Powers and Responsibilities

For the purposes of this Audit Committee Charter, specific accounting, financial and treasury related duties delegated to the Committee by the Board include:

5.1 Financial Accounting and Reporting Processes

- 5.1.1 Prior to such time as the Company publicly discloses the following information, the Committee shall review along with related reports and presentations, discuss with management and auditors as needed, and recommend for approval to the Board the following information:
 - (a) annual audited and interim financial statements and related MD&A to satisfy itself that the financial statements are presented in accordance with applicable accounting principles and in the case of the annual audited financial statements and related MD&A, report thereon and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities;
 - (b) accounting policies that affect the financial statements; and
 - (c) annual and interim earnings press releases.
- 5.1.2 With respect to the annual audited financial statements, the Committee shall discuss with management and external auditors as it deems appropriate, significant issues regarding accounting principles, practices, and judgments. The Committee shall consider whether the Company's financial disclosures are complete, accurate, prepared in accordance with International Financial Reporting Standards and fairly present the financial position of the Company. The Committee shall also satisfy itself that, in the case of the annual financial statements, the audit function has been effectively carried out by the auditors and, in the

case of the interim financial statements that the review function has been effectively carried out.

- 5.1.3 Review the annual report (see "*External Audit*", below) for consistency with the financial disclosure referenced in the annual financial statements.
- 5.1.4 Be satisfied as to the adequacy of procedures in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's annual and interim financial statements, MD&As, and annual and interim earnings press releases, and periodically assess the adequacy of such procedures.
- 5.1.5 The Committee shall review any press releases containing disclosure regarding financial information that are required to be reviewed by the Committee under any applicable laws or otherwise pursuant to the policies of the Company (including before the Company publicly discloses this information).
- 5.1.6 Review and approve quarterly financial statements, accounting policies that affect the statements, the quarterly MD&A, and associated press releases.
- 5.1.7 Review significant issues affecting financial reports.
- 5.1.8 Review emerging GAAP developments that could affect the Company.
- 5.1.9 Understand how management develops interim financial information and the nature and extent of external audit involvement.
- 5.1.10 In its review of the annual and quarterly financial statements, discuss the quality of the Company's accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements.
- 5.1.11 Review and approve any earnings guidance to be provided by the Company.

5.2 Internal Controls over Financial Reporting and Disclosure Controls and Procedures

- 5.2.1 Review reports from management and auditors and consider the effectiveness of the Company's internal controls over financial reporting and related information technology, security, and control at least twice annually.
- 5.2.2 Review and approve corporate signing authorities and modifications thereto.
- 5.2.3 Review with the Company's auditors any issues or concerns related to any internal control systems in the process of the audit.
- 5.2.4 Review the plan and scope of the annual audit with respect to planned reliance and testing of controls and major points contained in the auditor's management letter resulting from control evaluation and testing.
- 5.2.5 Establish and maintain complaint procedures regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Such procedures are appended hereto as Schedule "C".
- 5.2.6 Review with management, external auditors and legal counsel any material litigation claims or other contingencies, including tax assessments and the adequacy of financial provisions, that could materially affect financial reporting.

- 5.2.7 The Committee shall meet no less than annually with the Chief Financial Officer (the "CFO") or, in the absence of a CFO, with the officer of the Company in charge of financial matters, and the Chief Executive Officer, to review accounting practices, the Company's internal controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures, and such other matters as the Committee deems appropriate.
- 5.2.8 The Committee shall inquire of management and the external auditors about significant financial and internal control risks or exposures and assess the steps management has taken to minimize such risks.
- 5.2.9 Approve all material related party transactions in advance.
- 5.2.10 The Committee shall ensure that management establishes and maintains an appropriate budget process, which shall include the preparation and delivery of periodic reports from the CFO to the Committee comparing actual spending to the budget. The budget shall include assumptions regarding economic parameters that are well supported and shall take into account the risks facing the Company.

5.3 External Audit

- 5.3.1 Have the authority to communicate directly with the external auditor and the CFO and arrange for the external auditor to be available to the Committee and the Board as needed.
- 5.3.2 Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing any other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- 5.3.3 Review and approve the audit plans, scope and proposed audit fees.
- 5.3.4 Annually review the independence of the external auditors by receiving a report from the independent auditor detailing all relationships between them and the Company.
- 5.3.5 Monitor the relationship between management and the external auditor, including reviewing any management letters or other reports of the external auditor, discussing any material differences of opinion between management and the external auditor, any audit problems or difficulties experienced by the external auditor in performing the audit, and resolving disagreements between the external auditor and management.
- 5.3.6 Discuss with the auditors the results of the audit, any changes in accounting policies or practices and their impact on the financials, as well as any items that might significantly impact financial results.
- 5.3.7 Receive a report from the auditors on critical accounting policies and practices to be used, all alternative treatments of financial information within Canadian GAAP and applicable rules and regulations that have been discussed with management, including the ramifications of the use of such alternative treatments, and the treatment preferred by the auditor.
- 5.3.8 Review and discuss with the external auditor all critical accounting policies and practices to be used in the Company's financial statements, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the external auditor.

- 5.3.9 Review any major issues regarding accounting principles and financial statement presentation with the external auditor and management, including any significant changes in the Company's selection or application of accounting principles and any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements.
- 5.3.10 Receive an annual report (the "**Annual Report**") from the auditors describing the audit firm's internal quality-control procedures, and material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out the firm, and any steps taken to deal with any such issues.
- 5.3.11 Ensure regular rotation of the lead partner and reviewing partner.
- 5.3.12 Evaluate the performance of the external auditor and the lead partner annually.
- 5.3.13 Recommend to the Board:
 - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
 - (b) the compensation of the external auditor.
- 5.3.14 Meet with the auditors, separately and apart from management, at least once a year.
- 5.3.15 Require, in accordance with applicable law that the external auditors report directly to the Committee and not to management.
- 5.3.16 Review and discuss on an annual basis with the external auditor all significant relationships they have with the Company, management, the external asset manager or employees that might interfere with the independence of the external auditor.
- 5.3.17 Pre-approve all non-audit services (or delegate such pre-approval, as the Committee may determine and as permitted by applicable securities laws) to be provided by the external auditor.
- 5.3.18 Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant.
- 5.3.19 Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the Company.

5.4 Non-Audit Services

- 5.4.1 Pre-approve all allowable non-audit services, as further set out in Schedule "D" to be provided by the external auditor.
- 5.4.2 Review the fees paid by the Company to the external auditors in respect of non-audit services on an annual basis.

5.5 Risk Management

- 5.5.1 The Committee shall inquire of management and external auditors about the processes in place to identify and manage the principal risks or exposures that could impact the financial reporting of the Company.
- 5.5.2 Review and report on any directors and officers insurance policy put in place by the Company.
- 5.5.3 Review and approve corporate investment policies.
- 5.5.4 Assess, as part of its internal controls responsibility, the effectiveness of the overall process for identifying principal business risks and report to the Board on such assessments.

5.6 Other Responsibilities and Matters

- 5.6.1 Following meetings of the Committee, report through the Chair to the Board.
- 5.6.2 Review annually the adequacy of the Audit Committee Charter and confirm that all responsibilities have been carried out.
- 5.6.3 Evaluate the Committee's and individual Member's performance on a regular basis and report annually to the Board the results of such annual self-assessment.
- 5.6.4 Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
- 5.6.5 Discuss the Company's compliance with tax and financial reporting laws and regulation, if and when any such issues arise.
- 5.6.6 Perform any other activities consistent with this Audit Committee Charter and governing law, as the Committee or the Board deems necessary or appropriate.

6. Advisors

Based on its sole judgment and discretion, and without obtaining prior approval of the Board, the Committee has the authority to engage independent counsel and other advisors as it deems necessary in order to carry out its duties and to set and pay compensation for any advisors employed by the Committee at the cost of the Company. The Committee has the authority to communicate directly with the external auditors of the Company.

Approved by the Board on May 7, 2026.

APPENDIX 'A' TO SCHEDULE "A"

NI 52-110: AUDIT COMMITTEES

"1.4 MEANING OF INDEPENDENCE

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
 - (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or

- (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
 - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
 - (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

1.5 ADDITIONAL INDEPENDENCE REQUIREMENTS

- (1) Despite any determination made under section 1.4, an individual who:
 - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
 - (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

1.6 MEANING OF FINANCIAL LITERACY

For the purposes of this Instrument, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements."

APPENDIX 'B' TO SCHEDULE "A"

POSITION DESCRIPTION FOR THE CHAIR OF THE AUDIT COMMITTEE

1. PURPOSE

The chair (the "**Chair**") of the Audit Committee (the "**Committee**") shall be an independent director who is elected by the board of directors (the "**Board**") or designated by majority vote of the Committee to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of Capitan Silver Corp. (the "**Company**").

2. WHO MAY BE CHAIR

The Chair will be elected from amongst the independent directors of the Company who have a sufficient level of financial sophistication and experience in dealing with financial issues to ensure the leadership and effectiveness of the Committee.

The Chair will be elected annually at the first meeting of the Board following the annual general meeting of shareholders or designated by majority vote of the Committee.

3. RESPONSIBILITIES

The following are the primary responsibilities of the Chair:

- (a) chair all meetings of the Committee in a manner that promotes meaningful discussion;
- (b) ensure adherence to the Audit Committee Charter and that the adequacy of the Audit Committee Charter is reviewed annually;
- (c) provide leadership to the Committee to enhance the Committee's effectiveness, including:
 - (i) act as liaison and maintain communication with the Board to optimize and co-ordinate input from directors, and to optimize the effectiveness of the Committee. This includes ensuring that Committee materials are available to any director upon request and reporting to the Board on all decisions of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;
 - (ii) ensure that the Committee works as a cohesive team with open communication, as well as to ensure open lines of communication among the independent auditors, financial and senior management and the Board for financial and control matters;
 - (iii) ensure that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;
 - (iv) ensure that the Committee serves as an independent and objective party to monitor the Company's financial reporting process and internal control systems, as well as to monitor the relationship between the Company and the independent auditors to ensure independence;
 - (v) ensure that procedures as determined by the Committee are in place to assess the audit activities of the independent auditor and its functions; and

- (vi) ensure that procedures as determined by the Committee are in place to review the Company's public disclosure of financial information and assess the adequacy of such procedures periodically;
- (d) ensure that procedures as determined by the Committee are in place for dealing with complaints received by the Company regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns;
- (e) manage the Committee, including:
 - (i) adopt procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
 - (ii) prepare the agenda of the Committee meetings and ensure pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
 - (iii) ensure meetings are appropriate in terms of frequency, length and content;
 - (iv) obtain a report from the independent auditors on an annual basis, review the report with the Committee and arrange meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;
 - (v) oversee the Committee's participation in the Company's accounting and financial reporting process and the audits of its financial statements;
 - (vi) ensure that the auditor's report directly to the Committee, as representatives of the Company's shareholders;
 - (vii) annually review with the Committee its own performance, report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board;
 - (viii) together with the Board, oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time; and
- (f) perform such other duties as may be delegated from time to time to the Chair by the Board.

APPENDIX 'C' TO SCHEDULE "A"

PROCEDURE FOR THE SUBMISSION OF COMPLAINTS OR CONCERNS REGARDING ACCOUNTING, INTERNAL ACCOUNTING CONTROLS, OR AUDITING MATTERS

1. The Company shall forward to the Committee any complaints that it has received regarding accounting, internal accounting controls, or auditing matters.
2. If any employee of the Company so desires, he or she may submit any concerns or complaints, on a confidential and anonymous basis, by sending any concerns or complaints, clearly marked "To be reviewed by the Audit Committee only":
 - (a) by email to the Chair; or
 - (b) by mail or hand delivered in a sealed envelope to the Chair at Suite 550 800 West Pender St., Vancouver, British Columbia, V6C 2V6, Canada, Attention: Chair of the Audit Committee
3. Contact information including a phone number and e-mail address shall be published for the Chair on the Company's website for any individuals wishing to contact the Chair directly.
4. At each of its meetings following the receipt of any information pursuant to this Schedule "C", the Committee shall review and consider any such complaints or concerns and take any action it deems appropriate in the circumstances.
5. The Committee shall retain any such complaints or concerns along with the material gathered to support its actions for a period of no less than seven (7) years. Such records will be held on behalf of the Committee by the Chair.
6. This Schedule "C" shall appear on the Company's website as part of its Audit Committee Charter.

APPENDIX 'D' TO SCHEDULE "A"

PROCEDURES FOR APPROVAL OF NON-AUDIT SERVICES

1. The Company's external auditors shall be prohibited from performing for the Company the following categories of non-audit services:
 - (a) bookkeeping or other services related to the Company's accounting records or financial statements;
 - (b) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
 - (c) actuarial services;
 - (d) internal audit outsourcing services;
 - (e) management functions;
 - (f) human resources;
 - (g) broker or dealer, investment adviser or investment banking services;
 - (h) legal services; and
 - (i) any other service that the Canadian Public Accountability Board or International Accounting Standards Board or other analogous board which may govern the Company's accounting standards, from time to time determines is impermissible.

2. In the event that the Company wishes to retain the services of the Company's external auditors for tax compliance, tax advice or tax planning, the CFO of the Company shall consult with the Chair of the Committee, who shall have the authority, subject to confirmation that such services will not compromise the independence of the Company's external auditors, to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.

The CFO of the Company shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

SCHEDULE "C"
SHAREHOLDER RIGHTS PLAN AGREEMENT

CAPITAN SILVER CORP.

and

OLYMPIA TRUST COMPANY

as Rights Agent

SHAREHOLDER RIGHTS PLAN AGREEMENT

May 7, 2026

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SHAREHOLDER RIGHTS PLAN AGREEMENT

THIS AGREEMENT dated as of May 7, 2026, between Capitan Silver Corp. (the "**Company**"), a company incorporated under the laws of British Columbia, and Olympia Trust Company, a trust company continued under the laws of Canada, as Rights Agent (the "**Rights Agent**", which term shall include any successor Rights Agent hereunder).

WHEREAS the Board of Directors (as defined below) of the Company has determined that it is advisable that the Company adopt this shareholder rights plan (the "**Rights Plan**") to take effect at the Effective Time (as defined below), subject to ratification by the Independent Shareholders (as defined below) at a special meeting of shareholders of the Company scheduled to be held on June 12, 2026, to encourage the fair treatment of shareholders in connection with any Take-over Bid (as defined below);

WHEREAS in order to implement the adoption of the Rights Plan, the Board of Directors:

- (i) authorized the issuance as of the Effective Time of one Right (as defined below) in respect of each Share outstanding at the Record Time (as defined below); and
- (ii) authorized the issuance of one Right in respect of each Share issued after the Record Time and prior to the earlier of the Separation Time (as defined below) and the Expiration Time (as defined below);

WHEREAS each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Company pursuant to the terms and subject to the conditions set forth herein; and

WHEREAS the Company desires to appoint the Rights Agent to act on behalf of the Company and the holders of Rights, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as defined below), the exercise of Rights and other matters referred to herein.

NOW THEREFORE, in consideration of the foregoing premises and the respective covenants and agreements set forth herein, and subject to such covenants and agreements, the parties hereby agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Certain Definitions

For purposes of this Agreement, the following terms have the meanings indicated:

- (a) "**Acquiring Person**" means any Person who is the Beneficial Owner of twenty percent (20%) or more of the outstanding Common Shares; provided, however, that the term "**Acquiring Person**" shall not include:
 - (i) the Company or any Subsidiary of the Company;
 - (ii) any Person who becomes the Beneficial Owner of twenty percent (20%) or more of the outstanding Common Shares as a result of one or any combination of: (A) Corporate Acquisitions, (B) Permitted Bid Acquisitions, (C) Corporate Distributions, (D) Exempt Acquisitions, or (E) Convertible Security Acquisitions;

provided, however, that if a Person becomes the Beneficial Owner of twenty percent (20%) or more of the outstanding Common Shares by reason of one or more or any combination of the operation of a Corporate Acquisition, Permitted Bid Acquisition, Corporate Distribution, Exempt Acquisition or Convertible Security Acquisition and, after such Corporate Acquisition, Permitted Bid Acquisition, Corporate Distribution, Exempt Acquisition or Convertible Security Acquisition, becomes the Beneficial Owner of an additional one percent (1%) or more of the outstanding Common Shares other than pursuant to Corporate Acquisitions, Permitted Bid Acquisitions, Corporate Distributions, Exempt Acquisitions or Convertible Security Acquisitions, then as of the date of such acquisition, such Person shall become an Acquiring Person;

- (iii) for a period of ten (10) days after the Disqualification Date (as defined below), any Person who becomes the Beneficial Owner of twenty percent (20%) or more of the outstanding Common Shares as a result of such Person becoming disqualified from relying on Section 1.1(e)(C) hereof solely because such Person makes or proposes to make a Take-over Bid in respect of securities of the Company either alone, through such Person's Affiliates or Associates or by acting jointly or in concert with any other Person. For the purposes of this definition, "**Disqualification Date**" means the first date of public announcement of facts indicating that any Person is making or intends to make a Take-over Bid, either alone, through such Person's Affiliates or Associates or by acting jointly or in concert with any other Person (which, for the purposes of this definition, shall include, without limitation, a report asserting such facts filed pursuant to NI 62-103);
 - (iv) an underwriter or member of a banking or selling group, acting in such capacity, that acquires Shares from the Company in connection with a distribution of securities (including, for greater certainty, by way of private placement of such securities) to the public; and
 - (v) a Person (a "**Grandfathered Person**") who is the Beneficial Owner of 20% or more of the outstanding Common Shares determined as at the Record Time, provided, however, that this exception shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the Beneficial Owner of any additional Common Shares that increases its Beneficial Ownership of Common Shares by more than an additional 1% of the number of Common Shares outstanding as of the Record Time, other than pursuant to one or any combination of a Common Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition;
- (b) "**Affiliate**" when used to indicate a relationship with a specified Person, means a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person.
 - (c) "**Agreement**" means this shareholder rights plan agreement as amended, modified, supplemented or restated from time to time.
 - (d) "**Associate**" when used to indicate a relationship with a specified Person, means any relative of such specified Person who has the same home as such specified Person, or any Person to whom such specified Person is married or with whom such specified Person is

living in a conjugal relationship outside marriage, or any relative of such spouse or other Person who has the same home as such specified Person.

- (e) "BCBCA" means the *Business Corporations Act* (British Columbia) and the regulations thereunder, and any comparable or successor laws or regulations thereto.
- (f) A Person shall be deemed the "**Beneficial Owner**", and to have "**Beneficial Ownership**" of, and to "**Beneficially Own**":
 - (i) any securities of which such Person or any Affiliate or Associate of such Person is the owner at law or in equity;
 - (ii) any securities as to which such Person or any of such Person's Affiliates or Associates has, directly or indirectly, the right to acquire (A) upon the exercise of any Convertible Securities, or (B) pursuant to any agreement, arrangement or understanding, including whether or not in writing, in each case if such right is exercisable immediately or within a period of 60 days thereafter whether or not on condition or the happening of any contingency (other than customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a distribution of securities or pursuant to a pledge or hypothec of securities in the ordinary course of business);
 - (iii) any securities which are subject to a lock-up or similar agreement to tender or deposit them into any Take-over Bid made by such Person or made by any Affiliate or Associate of such Person or made by any other person acting jointly or in concert with such Person; and
 - (iv) any securities that are Beneficially Owned within the meaning of Clause 1.1(f)(i), (ii) or (iii) hereof by any other Person with whom such Person is acting jointly or in concert with respect to the Company or any of its securities;

provided, however, that a Person shall not be deemed the "**Beneficial Owner**", or to have "**Beneficial Ownership**" of, or to "**Beneficially Own**", any security as a result of the existence of any one or more of the following circumstances:

- (A) such security has been deposited or tendered pursuant to a Take-over Bid made by such Person or made by any Affiliate or Associate of such Person or made by any other Person referred to in Clause (iv) of this definition, unless such deposited or tendered security has been taken up or paid for, whichever shall first occur;
- (B) by reason of the holder of such security having agreed to deposit or tender such security to a Take-over Bid made by such Person or any of such Person's Affiliates or Associates or any other Person referred to in Clause (iv) of this definition pursuant to a Permitted Lock-Up Agreement, but only until such time as the deposited or tendered security has been taken up or paid for, whichever shall first occur;
- (C) such Person or any Affiliate or Associate of such Person or any other Person referred to in Clause (iv) of this definition, holds such security; provided that:

- (1) the ordinary business of any such Person (the "**Fund Manager**") includes the management of mutual funds or investment funds for others (which others may include or be limited to one or more employee benefit plans or pension plans) and/or includes the acquisition or holding of securities for a non-discretionary account of a Client (as defined below) by a dealer or broker registered under applicable securities laws to the extent required, and such security is held by the Fund Manager in the ordinary course of such business in the performance of such Fund Manager's duties for the account of any other Person (a "**Client**"),
- (2) such Person (the "**Trust Company**") is licensed to carry on the business of a trust company under applicable law and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons or in relation to other accounts and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person (each an "**Estate Account**") or for such other accounts (each an "**Other Account**"),
- (3) the Person (the "**Statutory Body**") is an independent Person established by statute for purposes that include, and the ordinary business or activity of such person includes, the management of investment funds for employee benefit plans, pension plans, insurance plans of various public bodies and the Statutory Body holds such security for the purposes of its activities as such,
- (4) the ordinary business of any such Person includes acting as an agent of the Crown in the management of public assets (the "**Crown Agent**"), or
- (5) the Person is the administrator or the trustee of one or more pension funds or plans (each a "**Pension Fund**") registered under the laws of Canada or any province thereof or the United States or any state thereof (the "**Independent Person**"), or is a Pension Fund and holds such securities for the purposes of its activities as an Independent Person or as a Pension Fund;

provided, however, that in any of the foregoing cases no one of the Fund Manager, the Trust Company, the Statutory Body, the Crown Agent, the Independent Person or the Pension Fund makes or announces a current intention to make a Take-over Bid in respect of securities of the Company alone or by acting jointly or in concert with any other Person (other than pursuant to a distribution by the Company, or by means of ordinary market transactions (including prearranged trades entered in the ordinary course of business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market);

- (v) such Person or any other person acting jointly or in concert with such Person is a Client of or has an account with the same Fund Manager as another Person on whose account the Fund Manager holds such security, or such Person is an Estate Account or an Other Account of the same Trust Company as another Person on

whose account the Trust Company holds such security, or such Person is a Pension Fund with the same Independent Person as another Pension Fund;

- (vi) such Person or any other person acting jointly or in concert with such Person is a Client of or has an account with a Fund Manager and such security is owned at law or in equity by the Fund Manager, or such Person is an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company, or such Person is a Pension Fund and such security is owned at law or in equity by the Independent Person; or
 - (vii) such Person is a registered holder of securities as a result of carrying on the business of, or acting as a nominee of, a securities depository.
- (g) "**Board of Directors**" means, at any time, the board of directors of the Company or any duly constituted and empowered committee thereof.
 - (h) "**Book Entry Form**" means, in reference to securities, securities that have been issued and registered in uncertificated form that are evidenced by an advice or other statement and which are maintained electronically on the records of the Company's transfer agent, but for which no certificate has been issued.
 - (i) "**Book Entry Rights Exercise Procedures**" has the meaning ascribed thereto in Section 2.2(c).
 - (j) "**Business Day**" means any day other than a Saturday, Sunday or a day on which banking institutions in Vancouver, British Columbia are authorized or obligated by law to close.
 - (k) "**close of business**" on any given date means the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the principal office of the transfer agent for the Common Shares in the City of Vancouver (or, after the Separation Time, the office of the Rights Agent in the City of Vancouver) becomes closed to the public, provided, however, that for the purposes of the definition of "**Competing Permitted Bid**" and the definition of "**Permitted Bid**", "**close of business**" on any date means 11:59 p.m. (local time, at the place of deposit) on such date (or, if such date is not a Business Day, 11:59 p.m. (local time, at the place of deposit) on the next succeeding Business Day).
 - (l) "**Common Shares**" means the common shares of the Company and any other securities in the capital of the Company entitled to vote generally in the election of the Board of Directors.
 - (m) "**Common Share Reduction**" means an acquisition or redemption by the Company of Common Shares.
 - (n) "**Company**" has the meaning ascribed thereto in the recitals hereof.
 - (o) "**Competing Permitted Bid**" means a Take-over Bid that is made by means of a Take-over Bid circular and which also complies with the following additional provisions:
 - (i) is made after a Permitted Bid or another Competing Permitted Bid (each such Permitted Bid or Competing Permitted Bid being in this definition, the "**Prior**

Bid") has been made and prior to the expiry, termination or withdrawal of that Prior Bid;

- (ii) satisfies all the provisions of the definition of a Permitted Bid provided that it is not required to satisfy the requirement set out in subclause (ii)(A) thereof; and
- (iii) contains, and the take-up and payment for securities tendered or deposited thereunder are subject to, an irrevocable and unqualified condition that no Shares shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the last day of the minimum initial deposit period that such Take-over Bid must remain open for deposits of securities thereunder pursuant to NI 62-104 after the date of the Take-over Bid constituting the Competing Permitted Bid,

provided, however, that a Take-over Bid that qualified as a Competing Permitted Bid shall cease to be a Competing Permitted Bid as soon as such Take-over Bid ceases to meet any or all of the provisions of this definition, and any acquisition of Shares made pursuant to such Take-over Bid that qualified as a Competing Permitted Bid, including any acquisition of Shares made before such Take-over Bid ceased to be a Competing Permitted Bid, will not be a Permitted Bid Acquisition.

(p) **"controlled"**: a Person is **"controlled"** by another Person or two or more Persons acting jointly or in concert if:

- (i) securities entitled to vote in the election of directors (including, for Persons other than corporations, the administrators, managers, trustees or other individuals performing similar functions in respect of any such Person) carrying more than fifty percent (50%) of the votes for the election of directors are held, directly or indirectly, other than by way of security only, by or for the benefit of the other Person or two or more Persons acting jointly or in concert; and
- (ii) the votes carried by such securities are entitled, if exercised, to elect, appoint or designate a majority of the board of directors of such corporation;

and **"controls"**, **"controlling"** and **"under common control with"** shall be interpreted accordingly.

(q) **"Convertible Security"** means at any time:

- (i) any right (regardless of whether such right constitutes a security) to acquire Shares from the Company; and
- (ii) any securities issued by the Company from time to time (other than the Rights) carrying any purchase, exercise, conversion or exchange right;

in each case pursuant to which the holder thereof may acquire Shares or other securities which are convertible into or exercisable or exchangeable for Shares (whether such right is exercisable immediately or after a specified period and whether or not on condition or the happening of any contingency).

- (r) **"Convertible Security Acquisition"** means the acquisition of Shares upon the exercise, conversion or exchange of Convertible Securities received by a Person pursuant to a Permitted Bid Acquisition, Exempt Acquisition or a Corporate Distribution.
- (s) **"Corporate Acquisition"** means an acquisition by the Company or a Subsidiary of the Company or the redemption by the Company of Shares which, by reducing the number of Common Shares outstanding increases the proportionate number of Common Shares Beneficially Owned by any Person.
- (t) **"Corporate Distribution"** means an acquisition of Beneficial Ownership of Common Shares by a Person as a result of :
 - (i) a stock dividend, stock split or other event in respect of securities of one or more particular classes or series of securities of the Company pursuant to which a Person becomes the Beneficial Owner of Shares or Convertible Securities on the same pro rata basis as all other holders of securities of the particular class or series;
 - (ii) a regular dividend reinvestment or other plan of the Company made available by the Company to the holders of Shares where such plan permits the holder to direct that the dividends paid in respect of such Shares be applied to the purchase from the Company of further securities of the Company;
 - (iii) any other event pursuant to which all holders of Shares are entitled to receive Shares or Convertible Securities on a pro rata basis, including pursuant to the receipt or exercise of rights issued by the Company and distributed to all the holders of a class of Shares to subscribe for or purchase Shares or Convertible Securities of the Company, provided that such rights are acquired directly from the Company and not from any other Person and provided further that the Person in question does not thereby acquire a greater percentage of Shares of such class, or Convertible Securities representing the right to acquire Shares of such class, than the percentage of Shares of the class Beneficially Owned immediately prior to such receipt or exercise; or
 - (iv) a distribution by the Company of Shares or securities convertible into or exchangeable for Shares (and the conversion or exchange of such convertible or exchangeable securities) made pursuant to a prospectus or a distribution by way of private placement by the Company or a conversion or exchange of any Convertible Security, provided that the Person does not thereby acquire a greater percentage of such Common Shares or of Convertible Securities so offered than the Person's percentage of Common Shares Beneficially Owned immediately prior to such acquisition.
- (u) **"Disposition Date"** has the meaning ascribed thereto in Section 5.1(d) hereof.
- (v) **"Disqualification Date"** has the meaning ascribed thereto in Section 1.1(a)(iii) hereof.
- (w) **"Effective Date"** means the date of this Agreement.
- (x) **"Effective Time"** means 12:01 a.m. (Vancouver time) on the Effective Date.
- (y) **"Election to Exercise"** has the meaning ascribed thereto in Section 2.2(d) hereof.

- (z) **"Exempt Acquisition"** means an acquisition of Beneficial Ownership in Shares by a Person:
- (i) in respect of which the Board of Directors has waived the application of Section 3.1 hereof pursuant to the provisions of Sections 5.1(b), (c), (d) or (e) hereof;
 - (ii) which was made pursuant to a dividend reinvestment plan of the Company or other plan made available by the Company to the holders of Shares generally;
 - (iii) pursuant to an amalgamation, plan of arrangement or other statutory procedure having similar effect which has been approved by the Board of Directors and the holders of Shares by the requisite majority or majorities of the holders of Shares at a meeting duly called and held for such purpose in accordance with the provisions of the BCBCA, the by-laws of the Company and any other applicable legal requirements; or
 - (iv) pursuant to a distribution of Shares or Convertible Securities by the Company made pursuant to a prospectus, prospectus exemption or private placement.
- (aa) **"Exercise Price"** means, as of any date, the price at which a holder of a Right may purchase the securities issuable upon exercise of one whole Right which, until adjustment thereof in accordance with the terms hereof, shall be:
- (i) until the Separation Time, an amount equal to three times the Market Price, from time to time, per Common Share; and
 - (ii) from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Common Share.
- (bb) **"Expiration Time"** means the close of business on that date which is the earliest date of termination of this Agreement as provided for in Section 5.13 or, if this Agreement is confirmed and subsequently reconfirmed pursuant to Section 5.13 at the second and fourth annual meeting following the Company's special meeting of the shareholders to be held on or June 12, 2026, upon the conclusion of the Company's annual meeting of shareholders in 2032.
- (cc) **"Flip-in Event"** means a transaction in or pursuant to which any Person becomes an Acquiring Person.
- (dd) **"Independent Shareholders"** means holders of Shares, but shall not include (i) any Acquiring Person or any Offeror (other than any Person who pursuant to Section 1.1(f)(iii) is deemed not to Beneficially Own the Shares), or any Affiliate or Associate of such Acquiring Person or such Offeror, or any Person acting jointly or in concert with such Acquiring Person or such Offeror, or (ii) any Person holding Shares under any employee benefit plan, stock purchase plan, deferred profit sharing plan or any similar plan or trust for the benefit of employees of the Company or a Subsidiary of the Company (unless the beneficiaries of any such plan or trust direct the manner in which the Shares are to be voted or direct whether the Shares are to be tendered to a Take-over Bid, in which case such plan or trust shall be considered an Independent Shareholder);

- (ee) **"Market Price"** per share of any securities on any date of determination means the average of the daily closing prices per share of such securities (determined as described below) on each of the twenty (20) consecutive Trading Days ending on the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused the closing prices used to determine the Market Price on any Trading Days not to be fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per share of any securities on any date shall be:
- (i) the closing board lot sale price or, if such price is not available, the average of the closing bid and ask prices, for each share as reported by the principal stock exchange in Canada on which such securities are listed or admitted to trading,
 - (ii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange, the closing board lot sale price or, if such price is not available, the average of the closing bid and ask prices, for each share as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the securities exchange on which the securities are primarily traded,
 - (iii) if for any reason none of such prices described in (ii) above are available for such day or the securities are not listed or admitted to trading on a Canadian stock exchange, the last sale price, or if no sale takes place, the average of the high bid and low ask prices for each share of such securities in the over-the-counter market, as quoted by any reporting system then in use (as determined by the Board of Directors), or
 - (iv) if on any such date none of such prices described in (iii) above are available or the securities are not quoted by any such organization listed or admitted to trading on a Canadian stock exchange or any other securities exchange or not, the average of the closing bid and ask prices as furnished by a professional market maker making a market in the securities selected in good faith by the Board of Directors;
- provided, however, that if on any such date the securities none of such prices is available, the closing price per share of such securities on such date shall mean the fair value per share of such securities on such date as determined in good faith by a nationally or internationally recognized investment dealer or investment banker selected by the Board of Directors.
- (ff) **"NI 62-103"** means *National Instrument 62-103 – The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* adopted by the Canadian securities regulatory authorities and any comparable or successor laws, instruments or rules thereto.
- (gg) **"NI 62-104"** means *National Instrument 62-104 – Take-Over Bids and Issuer Bids* adopted by the Canadian securities regulatory authorities and any comparable or successor laws, instruments or rules thereto.

- (hh) **"Offer to Acquire"** shall include:
- (i) an offer to purchase, a public announcement of an intention to make an offer to purchase, or a solicitation of an offer to sell;
 - (ii) an acceptance of an offer to sell, whether or not such offer to sell has been solicited; or
 - (iii) any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell.
- (ii) **"Offeror"** means a Person who has publicly announced and not withdrawn a current intention to make, or who makes and has outstanding, a Take-over Bid, other than a Person who has completed a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition.
- (jj) **"Offeror's Securities"** means Shares Beneficially Owned by an Offeror on the date of the Offer to Acquire.
- (kk) **"Permitted Bid"** means a Take-over Bid that is made by means of a Take-over Bid circular and which also complies with the following additional provisions:
- (i) the Take-over Bid shall be made to all holders of Common Shares (other than the Offeror);
 - (ii) the Take-over Bid shall contain, and the take up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified condition that no Shares shall be taken up or paid for pursuant to the Take-over Bid:
 - (A) prior to the close of business on the date which is not less than one hundred and five (105) days following the date of the Take-over Bid or such shorter minimum period as determined in accordance with section 2.28.2 or section 2.28.3 of NI 62-104 for which a Take-over Bid (that is not exempt from any of the requirements of division 5 (Bid Mechanics) of NI 62-104) must remain open for deposit of securities thereunder; and
 - (B) unless, at the close of business on the date Shares are first taken up or paid for under such Take-over Bid, more than fifty percent (50%) of the then outstanding Common Shares held by Independent Shareholders shall have been tendered or deposited to the Take-over Bid and not withdrawn;
 - (iii) the Take-over Bid shall contain an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, Shares may be deposited pursuant to such Take-over Bid at any time during the period of time which applies pursuant to Clause (ii)(A) of this Section 1.1(kk) and that any Shares deposited pursuant to the Take-over Bid may be withdrawn at any time until taken up and paid for; and
 - (iv) the Take-over Bid shall contain an irrevocable and unqualified provision that should the condition referred to in Clause (ii)(B) of this Section 1.1(kk) be met: (A) the Offeror will make a public announcement of that fact; and (B) the Take-

over Bid will be extended for a period of not less than ten (10) days from the date of such public announcement.

- (ll) **"Permitted Bid Acquisition"** means an acquisition of Shares made pursuant to a Permitted Bid or a Competing Permitted Bid.

- (mm) **"Permitted Lock-Up Agreement"** means an agreement between a Person and one or more holders (each a **"Locked-up Person"**) of Shares or Convertible Securities (the terms of which are publicly disclosed and a copy of which is made available to the public (including the Company) not later than the date the Lock-up Bid (as defined below) is publicly announced or, if the agreement was entered into after the date of the Lock-up Bid, as soon as possible after it is entered into and in any event not later than the date following the date of such agreement), pursuant to which such Locked-up Persons agree to deposit or tender Shares or Convertible Securities to a Take-over Bid (the **"Lock-up Bid"**) made by the Person or any of such Person's Affiliates or Associates or any other Person referred to in Clause (iv) of the definition of Beneficial Owner and where the agreement:
 - (i) (A) permits the Locked-up Person to withdraw Shares or Convertible Securities in order to tender or deposit Shares or Convertible Securities to another Take-over Bid (or terminate the agreement in order to support another transaction) that represents an offering price for each Share or Convertible Security that exceeds, or provides a value for each Share or Convertible Security that is greater than, the offering price or value represented by or proposed to be represented by the Lock-up Bid; or

(B) permits the Locked-up Person to withdraw Shares or Convertible Securities in order to tender or deposit the Shares or Convertible Securities to another Take-over Bid (or terminate the agreement in order to support another transaction) that represents an offering price for each Share or Convertible Security that exceeds, or provides a value for each Share or Convertible Security that is greater than, the offering price or value represented by or proposed to be represented by, the Lock-up Bid by as much or more than a specified amount (the **"Specified Amount"**) and the Specified Amount is not greater than 7% of the offering price or value that is represented by the Lock-up Bid;

 - (ii) permits the Locked-up Person to withdraw Shares or Convertible Securities in order to tender or deposit the Shares or Convertible Securities to another Take-over Bid (or terminate the agreement in order to support another transaction) if the number of Shares to be purchased under the other Take-over Bid or transaction exceeds the number of Shares offered to be purchased under the Lock-Up Bid by as much or more than a specified number of Shares (the **"Specified Number of Shares"**) and the Specified Number of Shares is not greater than 7% of the number of Shares offered to be purchased under the Lock-Up Bid, at an offering price for each Share or Convertible Security that is not less, or provides a value for each Share or Convertible Security that is not less than, the offering price or value represented by or proposed to be represented by the Lock-up Bid; and

 - (iii) provides for no **"break-up"** fees, **"top-up"** fees, penalties, payments, expenses or other amounts that exceed in the aggregate the greater of: (A) the cash equivalent of 2.5% of the price or value payable under the Lock-up Bid to the Locked-up Person, and (B) 50% of the amount by which the price or value payable under

another Take-over Bid or another transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Lock-up Bid, to be payable, directly or indirectly, by such Locked-up Person pursuant to the agreement if any Locked-up Person fails to tender Shares or Convertible Securities pursuant thereto or withdraws Shares or Convertible Securities previously tendered thereto in order to tender such Shares or Convertible Securities to another Take-over Bid or support another transaction;

and, for greater certainty, the agreement may contain a right of first refusal or require a period of delay to give the Offeror an opportunity to at least match a higher consideration in another Take-over Bid or transaction or contain any other similar limitation on a Locked-up Person's right to withdraw Shares or Convertible Securities from the agreement, so long as any such limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Shares or Convertible Securities in sufficient time to tender to the other Take-over Bid or to support the other transaction.

- (nn) "**Person**" means any individual, firm, partnership, limited partnership, limited liability company or partnership, association, trust, trustee, executor, administrator, legal or personal representative, government, governmental body, entity or authority, group, body corporate, corporation, unincorporated organization or association, syndicate, joint venture or any other entity, whether or not having legal personality, and any of the foregoing in any derivative, representative or fiduciary capacity and pronouns have a similar extended meaning.
- (oo) "**Privacy Laws**" has the meaning ascribed thereto in Section 4.6 hereof.
- (pp) "**Pro Rata Acquisition**" shall mean an acquisition by a Person of Common Shares or Convertible Securities (i) as a result of a stock dividend, a stock split or other event pursuant to which such Person receives or acquires Common Shares or Convertible Securities on the same *pro rata* basis as all other holders of securities of the same class or series of the Company, or (ii) pursuant to a regular dividend reinvestment or other plan of the Company made available by the Company to the holders of Common Shares, where such plan permits the holder to direct that the dividends paid in respect of such Common Shares be applied to the purchase from the Company of Common Shares or Convertible Securities, or (iii) pursuant to the receipt and/or exercise of rights (other than the Rights) issued by the Company to all of the holders of a series or class of Common Shares on a *pro rata* basis to subscribe for or purchase Common Shares or Convertible Securities, provided that the Person does not acquire a greater percentage of the Common Shares or Convertible Securities, as applicable, than the percentage of the series or class of Common Shares Beneficially Owned by that Person immediately prior to such receipt or exercise and that such rights are acquired directly from the Company as part of a rights offering and not from any other Person.
- (qq) "**Record Time**" means the close of business on the Business Day immediately preceding the date on which the Effective Time occurs.
- (rr) "**Redemption Price**" has the meaning ascribed thereto in Section 5.1(a) hereof.
- (ss) "**Right**" means a right to purchase Shares issued upon the terms and conditions described in this Agreement, including Section 2.1(a).

- (tt) **"Rights Agent"** has the meaning ascribed thereto in the recitals hereof.
- (uu) **"Rights Certificate"** means the certificates representing the Rights after the Separation Time, which shall be substantially in the form attached hereto as Schedule 2.2(c) or such other form as the Company and the Rights Agent may agree.
- (vv) **"Rights Register"** has the meaning ascribed thereto in Section 2.6(a) hereof.
- (ww) **"Securities Act"** means the *Securities Act* (Ontario), and the regulations and rules thereunder, and any comparable or successor laws, regulations and rules thereto.
- (xx) **"Separation Time"** means the close of business on the tenth (10th) Trading Day after the earlier of:
 - (i) the Share Acquisition Date;
 - (ii) the date of the commencement of, or first public announcement of the intent of any person (other than the Company or any Subsidiary of the Company) to commence, a Take-over Bid (other than a Permitted Bid or Competing Permitted Bid); and
 - (iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such;

or such later date as may be determined by the Board of Directors provided that, if any Take-over Bid referred to in Clause (ii) of this Section 1.1(xx) or any Permitted Bid or Competing Permitted Bid referred to in Clause (iii) of this Section 1.1(xx) expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid, Permitted Bid or Competing Permitted Bid, as the case may be, shall be deemed, for the purposes of this Section 1.1(xx), never to have been made and provided further that if the Board of Directors determines pursuant to Sections 5.1(b), (c), (d) or (e) hereof to waive the application of Section 3.1 hereof to a Flip-in Event, the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred.

- (yy) **"Shares"**, when used with respect to the Company, means the Common Shares, and/or any other shares of capital stock or voting interests of the Company entitled to vote generally in the election of all directors, as the context requires; and, when used with respect to a Person other than the Company, shares of capital stock or voting interests of such Person entitled to vote generally in the election of the directors of such Person.
- (zz) **"Share Acquisition Date"** means the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to NI 62-103 by the Company or an Offeror or Acquiring Person of facts indicating that a Person has become an Acquiring Person).
- (aaa) **"Share Registration"** means registered ownership of Shares as indicated in the register of registered holders of Shares maintained by the transfer agent of the Company, whether or not such registered ownership is evidenced by a share certificate.
- (bbb) **"Subsidiary"** a company shall be deemed to be a Subsidiary of another company if:
 - (i) it is controlled by:

- (A) that other;
 - (B) that other and one or more companies each of which is controlled by that other; or
 - (C) two or more companies each of which is controlled by that other; or
- (ii) it is a Subsidiary of a company that is that other's Subsidiary.
- (ccc) "**Take-over Bid**" means an Offer to Acquire Common Shares or securities convertible into or exchangeable for or carrying a right to purchase Shares where the Shares subject to the Offer to Acquire, together with the Shares into which the securities subject to the Offer to Acquire are convertible, exchangeable or exercisable, and the Offeror's Securities, constitute in the aggregate twenty percent (20%) or more of the outstanding Common Shares of the Company at the date of the Offer to Acquire.
- (ddd) "**Trading Day**", when used with respect to any securities, means a day on which the principal Canadian stock exchange or market on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian stock exchange or market, a Business Day.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

1.3 Headings

The division of this Agreement into Articles, Sections and Clauses and the insertion of headings, subheadings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Number and Gender

Wherever the context so requires, terms used herein importing the singular number only shall include the plural and vice-versa and words importing only one gender shall include all others.

1.5 Acting Jointly or in Concert

For the purposes of this Agreement, a Person is acting jointly or in concert with every Person who, as a result of any agreement, commitment or understanding, whether formal or informal and whether or not in writing, with the first Person or any Associate or Affiliate of the first Person to acquire or make an Offer to Acquire Shares (other than customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a distribution of securities or to a pledge or hypothec of securities in the ordinary course of business).

1.6 Statutory References

Unless the context otherwise requires or except as expressly provided herein, any reference herein to a specific part, section, clause or rule of any statute or regulation shall be deemed to refer to the same as it

may be amended, re-enacted or replaced or, if repealed and there shall be no replacement therefor, to the same as it is in effect on the date of this Agreement.

1.7 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Shares

For purposes of this Agreement, the percentage of Common Shares Beneficially Owned by any Person shall be and be deemed to be the product (expressed as a percentage) determined by the formula:

$$100 \times A/B$$

where:

- A = the aggregate number of votes for the election of all directors of the Company generally attaching to the Common Shares Beneficially Owned by such Person; and
- B = the aggregate number of votes for the election of all directors of the Company generally attaching to all outstanding Common Shares.

Where any Person is deemed to Beneficially Own unissued Common Shares, such Shares shall be deemed to be issued and outstanding for the purpose of calculating the percentage of Common Shares Beneficially Owned by such Person.

ARTICLE 2 **THE RIGHTS**

2.1 Legend on Share Certificates

- (a) Share Registrations representing Common Shares issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall evidence, in addition to Common Shares, one Right for each Common Share represented by such Share Registration and, commencing as soon as reasonably practicable after the Effective Time, if such Share Registrations are evidenced by a share certificate, such certificate shall have impressed on, printed on, written on or otherwise affixed to them, a legend in substantially the following form:

Until the Separation Time (defined in the Shareholder Rights Plan Agreement referred to below), this certificate also evidences rights of the holder described in the Shareholder Rights Plan Agreement, dated as of May 7, 2026 between the Company and Olympia Trust Company, as amended from time to time, the terms of which are incorporated herein by reference and a copy of which is on file at the principal executive offices of the Company. Under certain circumstances set out in the Shareholder Rights Plan Agreement, such rights may be redeemed, may expire, may become null and void or may be evidenced by separate certificates and no longer evidenced by this certificate.

- (b) Until the earlier of the Separation Time and the Expiration Time, Share Registrations with respect to Shares that are issued and outstanding at the Record Time shall evidence one Right for each Share represented by such Share Registrations notwithstanding the absence of the foregoing legend on the share certificates, if any, evidencing such Share Registrations. Following the Separation Time, Rights will be evidenced by Rights Certificates pursuant to Section 2.2 hereof.

2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights

- (a) **Right to entitle holder to purchase one Share prior to adjustment.** Subject to adjustment as herein set forth and subject to Section 3.1(a) hereof, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase, for the Exercise Price as at the Business Day immediately preceding the date of exercise of the Right, one (1) Common Share. Notwithstanding anything to the contrary contained in this Agreement, any Rights held by the Company or any of its Subsidiaries shall be void.
- (b) **Rights not exercisable until Separation Time.** Until the Separation Time, (i) the Rights shall not be exercisable and no Right may be exercised, and (ii) for administrative purposes each Right will be evidenced by the Share Registrations for the associated Shares registered in the names of the holders thereof (and if such Share Registrations are evidenced by a share certificate, such share certificate shall also be deemed to be Rights Certificates) and will be transferable only together with, and will be transferred by a transfer of, such associated Shares.
- (c) **Delivery of Rights Certificate and disclosure statement.** From and after the Separation Time and prior to the Expiration Time, (i) the Rights shall be exercisable, and (ii) the registration and transfer of the Rights shall be separate from, and independent of, the Shares. Promptly following the Separation Time, the Company will determine whether it wishes to issue Rights Certificates or whether it will maintain the Rights in Book Entry Form. In the event that the Company determines to maintain Rights in Book Entry Form, it will put in place such alternative procedures as are directed by the Rights Agent for the Rights to be maintained in Book Entry Form (the "**Book Entry Rights Exercise Procedures**"), it being hereby acknowledged that such procedures shall, to the greatest extent possible, replicate in all substantive respects the procedures set out in this Agreement with respect to the exercise of the Rights Certificates and that the procedures set out in this Agreement shall be modified only to the extent necessary, as determined by the Rights Agent, to permit the Company to maintain the Rights in Book Entry Form. In such event, the Book Entry Rights Exercise Procedures shall be deemed to replace the procedures set out in this Agreement with respect to the exercise of Rights and all provisions of this Agreement referring to Rights Certificates shall be applicable to Rights registered in Book Entry Form in like manner as to Rights in certificated form. In the event the Company determines to issue a Rights Certificate, it will prepare and the Rights Agent will mail to each holder of record of Rights as of the Separation Time (other than an Acquiring Person, any other Person whose Rights are or become void pursuant to the provisions of Section 3.1(b) and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "**Nominee**")) at such holder's address as shown by the records of the Company (the Company hereby agreeing to furnish copies of such records to the Rights Agent for this purpose), (A) a Rights Certificate in substantially the form of Schedule 3.1(c) hereto appropriately completed, representing the number of Rights held by such holder at the Separation Time, and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule, regulation or judicial or administrative order or with any rule or regulation made pursuant thereto or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage, and (B) a description of the Rights,

provided that a Nominee shall be sent the materials provided for in (A) and (B) in respect of all Shares held of record by it which are not Beneficially Owned by an Acquiring Person. In order for the Company to determine whether any Person is holding Shares which are Beneficially Owned by another Person, the Company may require such first mentioned Person to furnish it with such information and documentation as the Company considers advisable.

- (d) **Exercise of Rights.** Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent (at the office of the Rights Agent in the City of Vancouver or any other office of the Rights Agent in the cities designated from time to time for that purpose by the Company) the Rights Certificate evidencing such Rights or such other documentation as determined appropriate for Book Entry Rights Exercise Procedures together with an election to exercise such Rights (an "**Election to Exercise**") substantially in the form attached to the Rights Certificate or as determined appropriate for Book Entry Form duly completed and executed, accompanied by payment by certified cheque, banker's draft, wire transfer or money order payable to the order of the Rights Agent, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Shares in a name other than that of the holder of the Rights being exercised, all of the above to be received before the Expiration Time by the Rights Agent (at the office of the Rights Agent in the City of Vancouver or any other office of the Rights Agent in the cities designated from time to time for that purpose by the Company).
- (e) **Duties of Rights Agent upon receipt of Election to Exercise.** Upon receipt of a Rights Certificate (in the event that the Company determines to issue a Rights Certificate) or upon receipt of such other documentation as determined appropriate for Book Entry Rights Exercise Procedures, which is accompanied by (i) a completed and duly executed Election to Exercise, and (ii) payment as set forth in Section 2.2(d) above, the Rights Agent (unless otherwise instructed by the Company in the event that the Company is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:
- (i) direct the transfer agent to register, in the name of the holder of the Rights being exercised or in such other name as may be designated by such holder, in Book Entry Form the number of Shares to be purchased (the Company hereby irrevocably authorizing its transfer agent to comply with all such requisitions);
 - (ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuing fractional Shares;
 - (iii) after receipt of confirmation from the transfer agent that the registration, in Book Entry Form, referred to in Section 2.2(e)(i) has been completed, deliver the same to or upon the order of the registered holder of such Rights, registered in such name or names as may be designated by such registered holder;
 - (iv) when appropriate, after receipt, deliver such cash (less any amounts required to be withheld) to or to the order of the registered holder of the Rights Certificate; and
 - (v) tender to the Company all payments received on exercise of the Rights.

- (f) **Partial Exercise of Rights.** In case the holder of any Rights shall exercise less than all of such holder's Rights, a new Rights Certificate evidencing the Rights remaining unexercised will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (g) **Duties of the Company.** The Company covenants and agrees that it will:
- (i) take all such action as may be necessary and within its power to ensure that all Shares or other securities delivered upon the due exercise of Rights shall, at the time of registration in Book Entry Form of such Shares (for greater certainty, subject to payment of the Exercise Price), be duly authorized, validly issued and fully paid and non-assessable;
 - (ii) take all such action as may be necessary and within its power to ensure compliance with the provisions of Section 3.1 hereof including, without limitation but subject to Section 5.17, all such action to comply with any applicable requirements of the BCBCA, the Securities Act and any applicable comparable securities legislation of each of the provinces or territories of Canada and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Shares or other securities upon exercise of Rights;
 - (iii) use reasonable efforts to cause, from and after such time as the Rights become exercisable, all Shares issued upon exercise of Rights to be listed upon issuance on the principal stock exchange on which the Shares were traded prior to the Share Acquisition Date;
 - (iv) pay when due and payable any and all Canadian federal and provincial transfer taxes and charges (not including any income or capital taxes of the holder or exercising holder or any liability of the Company to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates, or the registration in Book Entry Form of Shares to be issued upon exercise of any Rights, provided that the Company shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for, or registration in Book Entry Form of, Shares or other securities in a name other than that of the registered holder of the Rights being transferred or exercised; and
 - (v) after the Separation Time, except as permitted by Section 5.1 or Section 5.4 hereof, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.3 Adjustments to Exercise Price; Number of Rights

The Exercise Price, the number and kind of Shares or other securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3:

- (a) **Adjustment to Exercise Price upon changes to share capital.** In the event the Company shall at any time after the Record Time and prior to the Expiration Time:

- (i) declare or pay a dividend on the Shares payable in Shares (or other securities exchangeable for or convertible into or giving a right to acquire Shares or other securities) other than the issue of Shares or such exchangeable or
- (ii) convertible securities to holders of Shares in lieu of regular periodic cash dividends or pursuant to any dividend reinvestment plan;
- (iii) subdivide or change the outstanding Shares into a greater number of Shares;
- (iv) combine, consolidate or change the outstanding Shares into a smaller number of Shares; or
- (v) issue any Shares (or other securities exchangeable for or convertible into or giving a right to acquire Shares or other securities) in respect of, in lieu of or in exchange for existing Shares, except as otherwise provided in this Section 2.3;

the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights, shall be adjusted as of the payment or effective date in the manner set forth below. If an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1, the adjustment provided for in this Section 2.3 shall be in addition to, and shall be made prior to, any adjustment required under Section 3.1.

If the Exercise Price and number of Rights outstanding are to be adjusted:

- (A) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Shares (the "**Expansion Factor**") that a holder of one Share immediately prior to such dividend, subdivision, change, consolidation or issuance would hold thereafter as a result thereof; and
- (B) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor,

and the adjusted number of Rights will be deemed to be distributed among the Shares with respect to which the original Rights were associated (if they remain outstanding) and the shares issued in respect of such dividend, subdivision, change, consolidation or issuance, so that each such Share will have exactly one Right associated with it.

For greater certainty, if the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, subdivision, change, consolidation or issuance would hold thereafter after giving full effect to such dividend, subdivision, change, consolidation or issuance.

If, after the Record Time and prior to the Expiration Time, the Company shall issue any shares of capital stock other than Shares in a transaction of a type described in Section 2.3(a)(i) or (iv), shares of such capital stock shall be treated herein as nearly equivalent to Shares as may be practicable and appropriate under the circumstances and the Company and the Rights Agent agree to amend this Agreement in order to effect such treatment.

In the event the Company shall at any time after the Record Time and prior to the Separation Time issue any Shares otherwise than in a transaction referred to in this Section 2.3(a), each such Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the Share Registration representing such associated Share.

- (b) **Adjustment to Exercise Price upon issue of rights, options and warrants.** In case the Company shall at any time after the Record Time and prior to the Separation Time fix a record date for the issuance of rights, options or warrants to all holders of Shares entitling them (for a period expiring within forty-five (45) days after such record date) to subscribe for or purchase Shares (or shares having the same rights, privileges and preferences as Shares ("**equivalent shares**")) or securities convertible into or exchangeable for or carrying a right to purchase Shares or equivalent shares at a price per Share or per equivalent share (or having a conversion price or exchange price or exercise price per share, if a security convertible into or exchangeable for or carrying a right to purchase Shares or equivalent shares) less than ninety percent (90%) of the Market Price per Share on such record date, the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of Shares outstanding on such record date, plus the number of Shares that the aggregate offering price of the total number of Shares and/or equivalent shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered, including the price required to be paid to purchase such convertible or exchangeable securities or rights so to be offered) would purchase at such Market Price per Share, and the denominator of which shall be the number of Shares outstanding on such record date, plus the number of additional Shares and/or equivalent shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities are initially convertible, exchangeable or exercisable). In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a certificate filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights. Such adjustment shall be made successively whenever such a record date is fixed and, in the event that such rights, options or warrants are not so issued, the Exercise Price shall be adjusted to be the Exercise Price which would then be in effect if such record date had not been fixed.

For purposes of this Agreement, the granting of the right to purchase Shares (or equivalent shares) (whether from treasury or otherwise) pursuant to any dividend or interest reinvestment plan and/or any Share purchase plan providing for the reinvestment of dividends or interest payable on securities of the Company and/or the investment of periodic optional payments and/or employee benefit, stock option or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants) shall be deemed not to constitute an issue of rights, options or warrants by the Company; provided, however, that, in the case of any dividend or interest reinvestment plan, the right to purchase Shares (or equivalent shares) is at a price per share of not less than ninety percent (90%) of the current market price per share (determined as provided in such plans) of the Shares.

- (c) **Adjustment to Exercise Price upon Corporate Distributions.** In case the Company shall at any time after the Record Time and prior to the Separation Time fix a record date for a distribution to all holders of Shares (including any such distribution made in connection

with a merger, amalgamation, arrangement, plan, compromise or reorganization in which the Company is the continuing or successor company), of evidences of indebtedness, cash (other than a regular periodic cash dividend or a dividend referred to in Section 2.3(a)(i), but including any dividend payable in securities other than Shares), assets or subscription rights, options or warrants (excluding those referred to in Section 2.3(b) above), the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the Market Price per Share on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights), on a per share basis, of the portion of the cash, assets or evidences of indebtedness so to be distributed or of such subscription rights, options or warrants applicable to a Share and the denominator of which shall be such Market Price per Share. Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such distribution is not so made, the Exercise Price shall be adjusted to be the Exercise Price which would have been in effect if such record date had not been fixed.

- (d) ***De minimis* threshold for adjustment to Exercise Price.** Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in the Exercise Price; provided, however, that any adjustments which by reason of this Section 2.3(d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 2.3 shall be made to the nearest cent or to the nearest one-hundredth of a Share or other share, as the case may be. Notwithstanding the first sentence of this Section 2.3(d), any adjustment required by this Section 2.3 shall be made no later than the earlier of (i) three (3) years from the date of the transaction which mandates such adjustment or (ii) the Expiration Time.
- (e) **Company may provide for alternate means of adjustment.** Subject to the prior consent of the holders of Shares or Rights obtained as set forth in Section 5.4(b) or (c) hereof, as applicable, in the event the Company shall at any time after the Record Time and prior to the Separation Time issue any shares (other than Shares), or rights, options or warrants to subscribe for or purchase any shares, or securities convertible into or exchangeable for any such shares, in a transaction referred to in Section 2.3(a)(i) or (iv) or Section 2.3(b) or (c) above, if the Board of Directors acting in good faith determines that the adjustments contemplated by Sections 2.3(a), (b) and (c) above in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Board of Directors shall be entitled to determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding Sections 2.3(a), (b) and (c) above, such adjustments, rather than the adjustments contemplated by Sections 2.3(a), (b) and (c) above, shall be made. The Company and the Rights Agent shall amend this Agreement as appropriate to provide for such adjustments.
- (f) **Adjustment to Rights exercisable into shares other than Shares.** If as a result of an adjustment made pursuant to Section 3.1 hereof, the holder of any Right thereafter exercised shall become entitled to receive any shares other than Shares, thereafter the number of such other shares so receivable upon exercise of any Right and the Exercise Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Shares contained in

Sections 2.3(a), (b), (c), (d), (e), (g), (h), (i), (j), (k) and (l), above and below, as the case may be, and the provisions of this Agreement with respect to the Shares shall apply on like terms to any such other shares.

- (g) **Rights to evidence right to purchase Shares at adjusted Exercise Price.** Each Right originally issued by the Company subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Shares purchasable from time to time hereunder upon exercise of such Right, all subject to further adjustment as provided herein.
- (h) **Adjustment to number of Shares purchasable upon adjustment to Exercise Price.** Unless the Company shall have exercised its election as provided in Section 2.3(i) below, upon each adjustment of the Exercise Price as a result of the calculations made in Section 2.3(b) or (c) above, each Right outstanding shall, after the making of such adjustment, thereafter evidence the right to purchase, at the adjusted Exercise Price, that number of Shares (calculated to the nearest one ten-thousandth) obtained by (A) multiplying (x) the number of shares purchasable upon exercise of a Right immediately prior to this adjustment by the Exercise Price in effect immediately prior to such adjustment of the Exercise Price, and (B) dividing the product so obtained by the Exercise Price in effect immediately after such adjustment of the Exercise Price.
- (i) **Election to adjust number of Rights upon adjustment to Exercise Price.** The Company shall be entitled to elect on or after the date of any adjustment of the Exercise Price to adjust the number of Rights, in lieu of any adjustment in the number of Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of Shares for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the Exercise Price in effect immediately prior to adjustment of the Exercise Price by the Exercise Price in effect immediately after adjustment of the Exercise Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Exercise Price is adjusted or any day thereafter but, if Rights Certificates have been issued, shall be at least ten (10) days later than the date of the public announcement. If Rights Certificates have been issued, upon each adjustment, of the number of Rights pursuant to this Section 2.3(i), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Rights Certificates on such record date Rights Certificates evidencing, subject to Section 5.5 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein and may bear, at the option of the Company, the adjusted Exercise Price and shall be registered in the names of the holders of record of Rights Certificates on the record date for the adjustment specified in the public announcement.
- (j) **Rights Certificates may contain Exercise Price before adjustment.** Irrespective of any adjustment or change in the Exercise Price or the number of Shares issuable upon the

exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per share and the number of shares which were expressed in the initial Rights Certificates issued hereunder.

- (k) **Company may in certain cases defer issues of securities.** In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Shares and other securities of the Company, if any, issuable upon such exercise over and above the number of Shares and other securities of the Company, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Shares (fractional or otherwise) or securities upon the occurrence of the event requiring such adjustment.
- (l) **Company has discretion to reduce Exercise Price for tax reasons.** Notwithstanding anything in this Agreement to the contrary, the Company shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that in their good faith judgment, the Board of Directors shall determine to be advisable in order that any (A) consolidation or subdivision of the Shares, (B) issuance of any Shares at less than the Market Price, (C) issuance of securities convertible into or exchangeable for Shares, (D) stock dividends or (E) issuance of rights, options or warrants, referred to in this hereafter made by the Company to holders of its Shares, shall not be taxable to such shareholders.
- (m) **Certificate of Adjustment.** Whenever an adjustment to the Exercise Price, or an adjustment contemplated in Section 2.3(f) resulting in shares other than Shares being issuable upon exercise of Rights, is made at any time after the Separation Time pursuant to this Section 2.3, the Company shall deliver to the Rights Agent a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment. Failure to deliver such certificate, or any defect therein, shall not affect the validity of any such adjustment.

2.4 Date on Which Exercise is Effective

Each Person in whose name any certificate for Shares or registration in Book Entry Form of Shares is issued upon the exercise of Rights, shall for all purposes be deemed to have become the holder of record of the Shares represented thereby on, and such certificate or registration shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Share transfer books of the Company are closed, such person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Share transfer books of the Company are open.

2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

Rights will be evidenced, in the case of Rights in Book Entry Form, by a statement issued under the Rights Agent's direct registration system, or alternatively, if the Company determines to issue Rights Certificates, by the following procedures:

- (a) The Rights Certificates shall be executed on behalf of the Company by its Chairman, Chief Executive Officer or its Corporate Secretary. The signature of any of these officers on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.
- (b) Promptly after the Company learns of the Separation Time, the Company will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Company to the Rights Agent for countersignature and disclosure statements as described in Section 2.2(c), and the Rights Agent shall manually or by electronic signature countersign and send such Rights Certificates and disclosure statements to the holders of the Rights pursuant to Section 2.2(c) hereof. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.
- (c) Each Rights Certificate shall be dated the date of countersignature thereof.

2.6 Registration, Registration of Transfer and Exchange

- (a) The Company will cause to be kept a register (the "**Rights Register**") in which, subject to such reasonable regulations as it may prescribe, the Company will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed "**Rights Registrar**" for the purpose of maintaining the Rights Register for the Company and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts such appointment. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.

After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate and subject to the provisions of Section 2.6(c) below and the other provisions of this Agreement, the Company will execute and the Rights Agent will countersign, register and deliver, in the name of the holder or the designated transferee or transferees as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered. Alternatively, in the case of the exercise of Rights in Book Entry Form, the Rights Agent shall provide the holder or the designated transferee or the transferees with one or more statements issued under the Rights Agent's direct registration system evidencing the same aggregate number of Rights as did the direct registration system's records for the Rights transferred or exchanged.

- (b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Company, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company or the Rights Agent, as the case may be, duly executed by the registered holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Company or the Rights Agent may require the payment of a sum sufficient to cover any tax or other governmental charge that

may be imposed in relation thereto and the Company may require payment of a sum sufficient to cover any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.

2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates

- (a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Company shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.
- (b) If there shall be delivered to the Company and the Rights Agent prior to the Expiration Time (i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate, and (ii) such indemnity or other security as may be required by them to save each of them and any of their agents harmless then, in the absence of notice to the Company or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.
- (c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Company or the Rights Agent may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and the Company may require payment of a sum sufficient to cover any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.
- (d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence an original additional contractual obligation of the Company, whether or not the destroyed lost or stolen Rights Certificate shall be at any time enforceable by anyone, and the holder thereof shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other holders of Rights duly issued by the Company.

2.8 Persons Deemed Owners

Prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Share certificate, or if no certificate evidences the Share Registration, satisfactory evidence of the associated Share Registration) for registration of transfer, the Company, the Rights Agent and any agent of the Company or the Rights Agent shall be entitled to deem and treat the person in whose name a Rights Certificate is registered (or, prior to the Separation Time, the associated Share certificate, or if no certificate evidences the Share Registration, the person in whose name the Share Registration is made) as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term "**holder**" of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Shares).

2.9 Delivery and Cancellation of Rights Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Company may at any time deliver to the Rights

Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.9 except as expressly permitted by this Agreement. The Rights Agent shall, subject to applicable laws, destroy all cancelled Rights Certificates and, upon request of the Company, deliver a certificate of destruction to the Company.

2.10 Agreement of Rights Holders

Every holder of Rights, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of Rights:

- (a) to be bound by and subject to the provisions of this Agreement, as amended or supplemented from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) that prior to the Separation Time each Right will be transferable only together with, and will be transferred automatically by consequence of a transfer of, the Share Registration (including the related Share certificate, if any) representing such Right, with no further action on the part of the holder of Rights;
- (c) that after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;
- (d) that prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Share certificate, or if no certificate evidences the Share Registration, satisfactory evidence of the associated Share Registration) for registration of transfer, the Company, the Rights Agent and any agent of the Company or the Rights Agent shall be entitled to deem and treat the person in whose name the Rights Certificate is registered (or prior to the Separation Time, the associated Share certificate, or if no certificate evidences the Share Registration, the person in whose name the Share Registration is made) as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or any associated Share certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary;
- (e) that such holder of Rights has waived his right to receive any fractional Rights or any fractional Shares upon exercise of Rights;
- (f) that, in accordance with Section 5.4 hereof, without the approval of any holder of Rights and upon the sole authority of the Board of Directors acting in good faith this Agreement may be supplemented or amended from time to time pursuant to and as provided herein; and
- (g) that notwithstanding anything in this Agreement to the contrary, neither the Company nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation, or executive order promulgated or enacted by

any governmental authority, prohibiting or otherwise restraining performance of such obligation.

2.11 Rights Certificate Holder not Deemed a Shareholder

No holder, as such, of any Rights or Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose whatsoever the holder of any Share or any other share or security of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed or deemed to confer upon the holder of any Right or Rights Certificate, as such, any of the rights, titles, benefits or privileges of a holder of Shares or any other shares or securities of the Company or any right to vote at any meeting of shareholders of the Company whether for the election of directors or otherwise or upon any matter submitted to holders of shares of the Company at any meeting thereof, or to give or withhold consent to any action of the Company, or to receive notice of any meeting or other action affecting any holder of Shares or any other shares or securities of the Company except as expressly provided herein, or to receive dividends, distributions or subscription rights, or otherwise, until the Right or Rights evidenced by Rights Certificates shall have been duly exercised in accordance with the terms and provisions hereof.

ARTICLE 3

ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS

3.1 Flip-in Event

- (a) Subject to Section 3.1(b) below, and Sections 5.1(b), (c), (d) or (e) hereof, in the event that prior to the Expiration Time a Flip-in Event shall occur, the Company shall take such action as may be necessary to ensure and provide within eight (8) Trading Days of the Share Acquisition Date, or such longer period as may be required to satisfy all applicable requirements of the Securities Act, and the securities legislation of each other province or territory of Canada that, except as provided below, each Right shall thereafter constitute the right to purchase from the Company upon exercise thereof in accordance with the terms hereof that number of Common Shares having an aggregate Market Price on the date of the occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such Right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in the event that after such date of occurrence an event of a type analogous to any of the events described in Section 2.3 hereof shall have occurred with respect to such Shares).
- (b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are Beneficially Owned by (i) an Acquiring Person, or any Affiliate or Associate of an Acquiring Person, or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of such Acquiring Person, or any Affiliate or Associate of such Person so acting jointly or in concert, or (ii) a transferee or other successor in title of Rights, directly or indirectly, of an Acquiring Person (or of any Affiliate or Associate of an Acquiring Person) or of any Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of an Acquiring Person (or of any Affiliate or Associate of such Person so acting jointly or in concert) who becomes a transferee or successor in title concurrently with or subsequent to the Acquiring Person becoming such, shall become null and void without any further action, and any holder of such Rights (including transferees or successors in title) shall not have any rights whatsoever to exercise such Rights under any provision of this Agreement and shall not

have thereafter any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise.

- (c) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either Section 3.1(b)(i) or 3.1(b)(ii) or transferred to any nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall either not be issued upon the instruction of the Company in writing to the Rights Agent or contain the following legend:

"The Rights represented by this Rights Certificate were issued to a Person who was an Acquiring Person (or an Affiliate or Associate of an Acquiring Person, or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of such other Person) (as such terms are defined in the Shareholder Rights Plan Agreement). This Rights Certificate and the Rights represented hereby shall become null and void in the circumstances specified in Section 3.1(b) of the Shareholder Rights Plan Agreement."

provided, however, that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall be required to impose such legend only if instructed to do so in writing by the Company or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend. The issuance of a Rights Certificate without the legend referred to in this Section 3.1(c) shall be of no effect on the provisions of Section 3.1(b).

ARTICLE 4 **THE RIGHTS AGENT**

4.1 General

- (a) The Company hereby appoints the Rights Agent to act as agent for the Company in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents as it may deem necessary or desirable, subject to the prior approval of the Rights Agent, which shall not be unreasonably withheld. In the event the Company appoints one or more co-Rights Agents, the respective duties of the Rights Agents and co-Rights Agents shall be as the Company may determine, with the approval of the Rights Agent. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder or otherwise agreed to with the Company in writing and, from time to time, on demand of the Rights Agent, its reasonable expenses (including counsel fees and disbursements of legal counsel, to the extent they are reasonable) incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent, its Affiliates, and its current and former officers, directors, employees and agents for, and to hold such persons harmless against, any loss, liability, cost, claim, action, suit, damage, or expense incurred (that is not the result of gross negligence, bad faith or wilful misconduct on the part of any one or all of the Rights Agent, its Affiliates, or its current and former officers, directors or employees) for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement and the exercise and performance of its duties hereunder, including the costs and expenses of defending against

any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.

- (b) The Rights Agent shall be protected from and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any Share Registration confirmed in writing by the transfer agent of the Company, any certificate for Shares or any Rights Certificate or certificate for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, opinion, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons. The Rights Agent need not investigate any fact or matter stated in any such document, but it may, in its discretion, make such further inquiry or investigation into such facts or matters as it may see fit.
- (c) The Company shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and at any time, upon request, shall provide to the Rights Agent an incumbency certificate certifying the then current officers of the Company.
- (d) None of the provisions of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

4.2 Merger, Amalgamation, Consolidation or Change of Name of Rights Agent

- (a) Any company into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any company resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any company succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such company would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4 hereof. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.
- (b) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior

name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

4.3 Duties of Rights Agent

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, to all of which the Company and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

- (a) The Rights Agent may retain and consult at the expense of the Company with legal counsel (who may be legal counsel for the Company and, in any event, shall be a reputable legal firm) or such other experts that the Rights Agent considers necessary to carry out its duties under this Agreement and the opinion of such counsel or other expert will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted to be taken by it in good faith and in accordance with such opinion. Subject to the prior written consent of the Company, which consent shall not be unreasonably withheld, the Rights Agent may also consult with such other experts (at the expense of the Company) as the Rights Agent shall consider necessary or appropriate to properly determine and carry out the duties and obligations imposed under this Agreement and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert to the extent that such expert is not an employee, officer or director of the Rights Agent.
- (b) Whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proven and established by a certificate signed by a person believed by the Rights Agent to be the Chairman, Chief Executive Officer or Chief Financial Officer of the Company and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.
- (c) The Rights Agent will be liable hereunder only for events which are the result of its own gross negligence, bad faith or wilful misconduct and that of its officers, directors and employees.
- (d) The Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement, or in the certificates for Shares, if any, or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Company only.
- (e) The Rights Agent, in its capacity as Rights Agent hereunder, will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 3.1(b) hereof) or any adjustment required under the provisions of Section 2.3 hereof or responsible for the manner, method

or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 hereof describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Shares to be issued pursuant to this Agreement or any Rights or as to whether any Shares will, when issued, be duly and validly authorized, executed, issued and delivered or fully paid and non-assessable.

- (f) Each of the Company and the Rights Agent agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged, and delivered all such further and other acts, instruments and assurances as may reasonably be required for the carrying out or performing of the provisions of this Agreement.
- (g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any person believed by the Rights Agent to be the Chairman, Chief Executive Officer or Chief Financial Officer of the Company, or any person expressly authorized in writing by any such person, and to apply to such persons for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such person. It is understood that instructions to the Rights Agent shall, except where circumstances make it impracticable or the Rights Agent otherwise agrees, be given in writing (including by e-mail) and, where not in writing, such instructions shall be confirmed in writing (including by e-mail) as soon as reasonably possible after the giving of such instructions.
- (h) Subject to applicable law, the Rights Agent and any shareholder or director, officer or employee of the Rights Agent may buy, sell or deal in Shares, Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity, provided such actions would not place the Rights Agent in a position of conflict of interest with respect to its duties under this Agreement.
- (i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or, with the prior written consent of the Company, by or through its attorneys or agents. The Rights Agent will not be answerable or accountable for any act, omission, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, omission, default, neglect or misconduct, provided the prior written consent of the Company was obtained and reasonable care was exercised in the selection and continued employment thereof.
- (j) in the event of any disagreement arising regarding the terms of this Agreement, the Rights Agent shall be entitled, at its option, to refuse to comply with any and all demands whatsoever until the dispute is settled either by written agreement amongst the parties to this Agreement or by a court of competent jurisdiction.

4.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon at least sixty (60) days' notice (or such lesser notice as is acceptable to the Company) in writing mailed to the Company

and to each transfer agent of Shares by registered or certified mail, and to the holders of the Rights in accordance with Section 5.8 hereof (all of which shall be at the expense of the Company). The Company may remove the Rights Agent upon thirty (30) days' notice in writing, mailed to the Rights Agent and to each transfer agent of the Shares by registered or certified mail and to the holders of the Rights in accordance with Section 5.8 hereof. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Company will appoint a successor to the Rights Agent. If the Company fails to make such appointment within a period of sixty (60) days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate for inspection by the Company), then the Rights Agent or the holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent at the Company's expense. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a company incorporated under the laws of Canada or a province thereof. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon receiving from the Company payment in full of all amounts outstanding under this Agreement, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Shares, and mail a notice thereof in writing to the holders of the Rights. The cost of giving any notice required under this Section 4.4 shall be borne solely by the Company. Failure to give any notice provided for in this Section 4.4 however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

4.5 Compliance with Anti-Money Laundering Legislation

The Rights Agent shall retain the right to not take any action and shall not be liable for refusing to take any action if, due to a lack of information or for any other reason whatsoever, the Rights Agent reasonably determines that such an action might cause it to be in non-compliance with any applicable sanctions legislation or regulation or any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Rights Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in non-compliance with any applicable sanctions legislation or regulation or any applicable anti-money laundering or anti-terrorist legislation, regulation, or guideline, then it shall have the right to resign on 10 days' prior written notice to the Company, provided: (a) that the Rights Agent's written notice shall describe the circumstances of such non-compliance, to the extent permitted under any applicable sanctions legislation or regulation or any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline; and (b) that if such circumstances are rectified to the Rights Agent's satisfaction within such 10-day period, then such resignation shall not be effective. Subject to applicable law, the Rights Agent agrees to notify the Company as soon as reasonably possible in the event that the Rights Agent has concerns which may give rise to the right of the Rights Agent to resign under this paragraph and such notice shall describe the basis for such concerns.

4.6 Privacy Legislation

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "**Privacy Laws**") may apply to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Company will, prior to transferring or causing to be transferred personal information to the Rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal

information, or will have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Rights Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

4.7 Liability

Notwithstanding any other provision of this Agreement, and whether such losses or damages are foreseeable or unforeseeable, the Rights Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages. No provision contained in this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Agreement. Notwithstanding any other provision of this Agreement, any liability of the Rights Agent shall be limited, in the aggregate, to the amount of fees paid by the Company to the Rights Agent under this Agreement in the 12 months immediately prior to the Rights Agent receiving the first notice of the claim.

ARTICLE 5 MISCELLANEOUS

5.1 Redemption and Waiver

- (a) Subject to the prior consent of the holders of Shares or Rights obtained as set forth in Section 5.4(b) or Section 5.4(c) hereof, as applicable, the Board of Directors acting in good faith may, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of CDN\$0.00001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in the event that an event of the type described in Section 2.3 hereof shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").
- (b) Subject to the prior consent of the holders of Shares obtained as set forth in Section 5.4(b) hereof, the Board of Directors may, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 hereof has not been waived pursuant to this Section 5.1, if such Flip-in Event would occur by reason of an acquisition of Shares otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid circular to all registered holders of Common Shares and otherwise than in the circumstances set forth in Section 5.1(d) hereof, waive the application of Section 3.1 hereof to such Flip-in Event. In such event, the Board of Directors shall extend the Separation Time to a date at least ten (10) Business Days subsequent to the meeting of shareholders called to approve such waiver.
- (c) The Board of Directors acting in good faith, may, prior to the occurrence of a Flip-in Event, and upon prior written notice delivered to the Rights Agent, determine to waive the application of Section 3.1 hereof to a Flip-in Event that may occur by reason of a Take-over Bid made by means of a Take-over Bid circular to all registered holders of Shares; provided that if the Board of Directors waives the application of Section 3.1 hereof to a particular Flip-in Event pursuant to this Section 5.1(c), the Board of Directors shall be deemed to have waived the application of Section 3.1 hereof to any other Flip-in Event occurring by reason of any Take-over Bid made by means of a Take-over Bid circular to

all registered holders of Shares prior to the expiry of any Take-over Bid in respect of which a waiver is, or is deemed to have been granted, pursuant to this Section 5.1(c).

- (d) The Board of Directors may, upon prior written notice delivered to the Rights Agent, waive the application of Section 3.1 hereof in respect of the occurrence of any Flip-in Event if the Board of Directors has determined, following a Share Acquisition Date and prior to the Separation Time, that a Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person under this Agreement and, in the event that such a waiver is granted by the Board of Directors, such Share Acquisition Date shall be deemed not to have occurred. Any such waiver pursuant to this Section 5.1(d) must be on the condition that such Person, within thirty (30) days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the "**Disposition Date**"), has reduced its Beneficial Ownership of Shares such that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Share Acquisition Date and Section 3.1 hereof shall apply thereto.
- (e) The Board of Directors may, prior to the close of business on the tenth (10th) Trading Day following a Share Acquisition Date or such later Trading Day as they may from time to time determine, upon prior written notice delivered to the Rights Agent, waive the application of Section 3.1 hereof to the related Flip-in Event, provided that the Acquiring Person has reduced its Beneficial Ownership of Shares (or has entered into a contractual arrangement with the Company or other undertaking, in a form acceptable to the Board of Directors, to do so within fifteen (15) days of the date on which such contractual arrangement or other undertaking is entered into or such earlier or later date as the Board of Directors may determine) such that at the time the waiver becomes effective pursuant to this Section 5.1(e) such Person is no longer an Acquiring Person. In the event of such a waiver becoming effective prior to the Separation Time, for the purposes of this Agreement, such Flip-in Event shall be deemed not to have occurred.
- (f) Where a Person acquires pursuant to a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition under Section 5.1(c) above, outstanding Shares, then the Company shall immediately upon the consummation of such acquisition redeem the Rights at the Redemption Price.
- (g) If the Company is obligated under Section 5.1(f) above to redeem the Rights, or if the Board of Directors elects under Section 5.1(a) above or Section 5.1(i) below to redeem the Rights, the right to exercise the Rights will thereupon, without further action and without notice, terminate and each Right will after redemption be null and void and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.
- (h) Within ten (10) days after the Company is obligated under Section 5.1(f) above to redeem the Rights, or the Board of Directors elects under Section 5.1(a) above or Section 5.1(i) below to redeem the Rights, the Company shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to all such holders at their last address as they appear upon the Rights Register or, prior to the Separation Time, on the registry books of the transfer agent for the Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The Company may not redeem, acquire or purchase for value any Rights at

any time in any manner other than that specifically set forth in this Section 5.1 and other than in connection with the purchase of Shares prior to the Separation Time.

- (i) Where a Take-over Bid that is not a Permitted Bid Acquisition is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price.
- (j) Notwithstanding the Rights being redeemed pursuant to Section 5.1(i) above, all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Shares as of the Separation Time had not been mailed to each such holder and for all purposes of this Agreement the Separation Time shall be deemed not to have occurred and the Rights shall remain attached to outstanding Shares, subject to and in accordance with the provisions of this Agreement.

5.2 Expiration

No person shall have any rights whatsoever pursuant to or arising out of this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Section 4.1(a) and Section 4.7 hereof.

5.3 Issuance of New Rights Certificates

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by its Board of Directors to reflect any adjustment or change in the number or kind or class of shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

5.4 Supplements and Amendments

- (a) The Company may from time-to-time supplement or amend this Agreement without the approval of any holders of Rights or Shares to correct any clerical or typographical error or to maintain the validity of the Agreement as a result of a change in any applicable legislation or regulations or rules thereunder, including the *Canada Transportation Act*. All amendments to the Agreement must be filed with the TSX Venture Exchange (the "TSXV") and the TSXV may require the Company to receive shareholder approval for any amendments.

Notwithstanding anything in this Section 5.4 to the contrary, no supplement or amendment shall be made to the provisions of Article 4 hereof except with the written concurrence of the Rights Agent to such supplement or amendment.

- (b) The Company may, without the prior consent of the holders of the Shares, at any time prior to the date this Agreement is first approved by holders of Shares obtained as set forth below, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Subject to Section 5.4(a) above, the Company may, with the prior consent of the holders of the Shares obtained as set forth below, at any time following the date this Agreement is first approved by holders of Shares and prior to the Separation Time amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or

not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if provided by the holders of Shares at a meeting of the holders of Shares, which meeting shall be called and held in compliance with applicable laws and regulatory requirements and the requirements in the articles and by-laws of the Company. Subject to compliance with any requirements imposed by the foregoing, consent shall be deemed to have been given if the proposed amendment, variation or revision is approved by the affirmative vote of a majority of the votes cast by all holders of Common Shares (other than any holder of Shares who is an Offeror pursuant to a Take-over Bid that is not a Permitted Bid or Competing Permitted Bid with respect to all Shares Beneficially Owned by such Person), represented in person or by proxy at the meeting.

- (c) Subject to Section 5.4(a) above, the Company may, with the prior consent of the holders of Rights, at any time after the Separation Time and before the Expiration Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally).
- (d) Any consent or approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Company's by-laws and the BCBCA with respect to a meeting of shareholders of the Company.
- (e) The Company shall be required to provide the Rights Agent with notice in writing of any such amendment, variation or deletion to this Agreement as referred to in this Section 5.4 within five (5) days of effecting such amendment, variation or deletion.
- (f) Any supplements or amendments made by the Company to this Agreement pursuant to Section 5.4(a) above which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation or regulations or rules thereunder shall:
 - (i) if made before the Separation Time, be submitted to the shareholders of the Company at the next meeting of shareholders and the shareholders may, by the majority referred to in Section 5.4(b) above confirm or reject such amendment; and
 - (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of shareholders of the Company and the holders of Rights may, by resolution passed by the majority referred to in Section 5.4(d) above, confirm or reject such amendment.

A supplement or amendment of the nature referred to in this Section 5.4(f) shall be effective from the date of the resolution of the Board of Directors adopting such supplement or amendment until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such supplement or amendment is confirmed, it continues in effect in the form so confirmed. If such supplement or amendment is rejected by the shareholders or the holders of Rights or is not submitted to the shareholders or holders of

Rights as required, then such supplement or amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board of Directors to amend, vary or delete any provision of this Agreement to substantially the same effect shall be effective until confirmed by the shareholders or holders of Rights, as the case may be.

5.5 Fractional Rights and Fractional Shares

- (a) The Company shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. Any such fractional Right shall be null and void and the Company will not have any obligation or liability in respect thereof.
- (b) The Company shall not be required to issue fractions of Shares or other securities upon exercise of the Rights or to distribute certificates which evidence fractional Shares or other securities. In lieu of issuing fractional Shares or other securities, the Company shall pay to the registered holders of Rights Certificates at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Price of one Share. The Rights Agent shall have no obligation to make any payments in lieu of fractional Shares unless the Company shall have provided the Rights Agent with the necessary funds to pay in full all amounts payable in accordance with Section 2.2(e).

5.6 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective registered holders of the Rights; and any registered holder of any Rights, without the consent of the Rights Agent or of the registered holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce such holder's right to exercise such holder's Rights in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person (including, for greater certainty, an Acquiring Person) subject to, this Agreement.

5.7 Notice of Proposed Actions

In case the Company shall propose after the Separation Time and prior to the Expiration Time to effect the liquidation, dissolution or winding-up of the Company or the sale of all or substantially all of the Company's assets, then, in each such case, the Company shall give to each holder of a Right, in accordance with Section 5.8 hereof, a notice of such proposed action, which shall specify the date on which such liquidation, dissolution, winding up, or sale is to take place, and such notice shall be so given at least twenty (20) Business Days prior to the date of taking of such proposed action.

5.8 Notices

- (a) Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Company shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until

another address is filed in writing with the Rights Agent) or sent by facsimile, email or other form of recorded electronic communication and confirmed in writing, as follows:

Capitan Silver Corp.
550 – 800 West Pender Street
Vancouver, BC V6C 2V6

Attention: Alberto Orozco, Chief Executive Officer
Email: aorozco@capitansilver.com

- (b) Any notice or demand authorized or required by this Agreement to be given or made by the Company or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) or sent by facsimile or other form of recorded electronic communication and confirmed in writing, as follows:

Olympia Trust Company
925 West Georgia Street, Suite 1900
Vancouver, BC V6C 3L2

Attention: Vice President, Corporate & Shareholder Services
Email: clientservices@olympiatrust.com

- (c) Notices or demands authorized or required by this Agreement to be given or made by the Company or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the Rights Register or, prior to the Separation Time, on the registry books of the transfer agent for the Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

5.9 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

5.10 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the holders of the Rights.

5.11 Governing Law

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of British Columbia and for all purposes shall be governed by and construed in accordance with the laws of such province and the federal laws of Canada applicable therein.

5.12 Severability

If any Section, Clause, term or provision hereof or the application thereof to any circumstances or any right hereunder shall, in any jurisdiction and to any extent, be invalid or unenforceable, such Section, Clause, term or provision or such right shall be ineffective only in such jurisdiction and to the extent of such invalidity or unenforceability in such jurisdiction without invalidating or rendering unenforceable or ineffective the remaining Sections, Clauses, terms and provisions hereof or rights hereunder in such jurisdiction or the application of such Section, Clause, term or provision or rights hereunder in any other jurisdiction or to circumstances other than those as to which it is specifically held invalid or unenforceable.

5.13 Effective Time and Shareholder Review

- (a) Subject to Section 5.13(b):
 - (i) this Agreement shall be effective and in full force and effect in accordance with its terms from and after the Effective Time and shall constitute the entire agreement between the parties pertaining to the subject matter hereof from and after the Effective Time; and
 - (ii) this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect from and after the Expiration Time.
- (b) Notwithstanding Section 5.13(a), in the event that this Agreement is not ratified by a resolution passed by a majority of the votes cast by holders (other than any holder who does not qualify as an Independent Shareholder) of Common Shares who vote in respect of ratification of this Agreement at a special meeting of the shareholders of the Company to be held on June 12, 2026, or any adjournment or postponement thereof, then this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect from and after the Effective Time.
- (c) To remain in effect from and after the date following the special meeting of the shareholders of the Company to be held on June 12, 2026, this Agreement must be reconfirmed by a resolution passed by a majority of the votes cast by holders (other than any holder who does not qualify as an Independent Shareholder) of Common Shares who vote in respect of reconfirmation of this Agreement at the second and fourth annual meetings of the Company following special meeting of the shareholders of the Company to be held on or before June 12, 2026. If this Agreement is not so ratified, or if it is not presented to the shareholders for ratification, in each case no later than at such annual meeting, this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect from and after the Expiration Time.

5.14 Determinations and Actions by the Board of Directors

All actions, calculations and determinations (including all omissions with respect to the foregoing) which are done or made by the Board of Directors, in good faith, in relation to or in connection with this Agreement, shall not subject the Board of Directors or any director of the Company to any liability to the holders of the Rights.

5.15 Rights of Board, Company and Offeror

Without limiting the generality of the foregoing, nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of Shares reject or accept any Take-over Bid or take any other action (including, without limitation, the commencement, prosecution, defence or settlement of any litigation and the submission or solicitation of additional or alternative Take-over Bids or other proposals to the holders of Shares) that the Board of Directors believes is necessary or appropriate in the exercise of its fiduciary duties.

5.16 Regulatory Approvals

This Agreement shall be subject in any jurisdiction to the receipt of any required prior or subsequent approval or consent from any governmental or regulatory authority in such jurisdiction including any securities regulatory authority or stock exchange.

5.17 Declaration as to Non-Canadian Holders

If in the opinion of the Board of Directors (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance with the securities laws or comparable legislation of a jurisdiction outside Canada, the Board of Directors acting in good faith may take such actions as it may deem appropriate to ensure such compliance. In no event shall the Company or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any jurisdiction, other than Canada, in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes, or (until such notice is given as required by law) without advance notice to any regulatory or self-regulatory body.

5.18 Time of the Essence

Time shall be of the essence in this Agreement.

5.19 Execution in Counterparts

This Agreement may be executed in any number of counterparts and may be executed and delivered by facsimile or similar electronic copy and each of such counterparts and facsimiles or similar electronic copies shall for all purposes be deemed to be an original, and all such counterparts and facsimiles or similar electronic copies shall together constitute one and the same instrument.

5.20 English Language

The parties to this Agreement have agreed that this Agreement as well as any document or instrument relating to it be drawn up in English only but without prejudice to any such document or instrument which may from time to time be drawn up in French only or in both French and English. *Les parties aux présentes ont convenu que la présente Convention ainsi que tous autres actes ou documents s'y rattachant soient rédigés en anglais seulement mais sans préjudice à tous tels actes ou documents qui pourraient à l'occasion être rédigés en français seulement ou à la fois en anglais et en français.*

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement.

CAPITAN SILVER CORP.

Per: _____
Name: Alberto Orozco
Title: Chief Executive Officer

OLYMPIA TRUST COMPANY

Per: _____
Name: Melanie Chan
Title: Relationship Managers

Per: _____
Name: Helen Chai
Title: Relationship Managers

SCHEDULE 2.2(C)
FORM OF RIGHTS CERTIFICATE

Certificate No. [●]

THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE COMPANY, ON THE TERMS SET FORTH IN THE SHAREHOLDER RIGHTS PLAN AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 3.1(B) OF THE SHAREHOLDER RIGHTS PLAN AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON, ANY PERSON ACTING JOINTLY OR IN CONCERT WITH AN ACQUIRING PERSON OR THEIR RESPECTIVE ASSOCIATES AND AFFILIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) AND THEIR RESPECTIVE TRANSFEREES SHALL BECOME VOID WITHOUT ANY FURTHER ACTION.

RIGHTS CERTIFICATE

This certifies that _____ or registered assigns, is the registered holder of the number of Rights set forth above each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Plan Agreement dated May 7, 2026, (the "**Rights Agreement**"), between Capitan Silver Corp., a company existing under the laws of British Columbia (the "**Company**"), and Olympia Trust Company, a trust company continued under the laws of Canada, as rights agent (the "**Rights Agent**", which term shall include any successor Rights Agent under the Rights Agreement) to purchase from the Company at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the Expiration Time (as such term is defined in the Rights Agreement) (or such earlier expiration time as is provided in the Rights Agreement), at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate together with the Form of Election to Exercise duly executed and submitted to the Rights Agent at its principal offices in the City of Vancouver, one fully paid and non-assessable subordinate voting share (a "**Common Share**"). The Exercise Price shall initially be three times the Market Price (as such term is defined in the Rights Agreement) and shall be subject to adjustment in certain events as provided in the Rights Agreement.

In certain circumstances described in the Rights Agreement, each Right evidenced hereby may entitle the registered holder thereof to purchase or receive assets, debt securities or other equity securities of the Company (or a combination thereof) all as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Company and the holders of the Rights. Copies of the Rights Agreement are on file at the registered head office of the Company and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights entitling the holder to purchase a like aggregate number of Shares as the Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Rights Certificate may be, and under certain circumstances are required to be, redeemed by the Company at a redemption price of CDN\$0.00001 per Right.

No fractional Shares will be issued upon the exercise of any Right or Rights evidenced hereby.

No holder of this Rights Certificate, as such, shall be entitled to vote, receive dividends or be deemed for any purpose the holder of Shares or of any other securities of the Company which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders of the Company at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders of the Company (except as expressly provided in the Rights Agreement), or to receive dividends, distributions or subscription rights, or otherwise until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

[Remainder of page intentionally left blank. Signature page follows.]

WITNESS the facsimile signature of the proper officers of the Company.

Dated [●]

CAPITAN SILVER CORP.

Per: _____
Authorized Signing Officer

OLYMPIA TRUST COMPANY

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

FORM OF ELECTION TO EXERCISE

TO: CAPITAN SILVER CORP.

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase the Shares issuable upon the exercise of such Rights and requests that certificates for such Shares be issued to:

(NAME)

(ADDRESS)

(CITY AND STATE OR PROVINCE)

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

(NAME)

(ADDRESS)

(CITY AND STATE OR PROVINCE)

SOCIAL INSURANCE, SOCIAL SECURITY OR OTHER TAXPAYER NUMBER

Dated _____

Signature Guaranteed

Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Signature must be guaranteed by an "**Eligible Institution**" i.e. a major Canadian Schedule 1 chartered bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange, Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada and the United States, members of the Canadian Investment Regulatory Organization (CIRO), members of the National Association of Securities Dealers of banks and trust companies in the United States.

To be completed if true

The undersigned hereby represents, for the benefit of all holders of Rights and Shares, that the Rights evidenced by this Rights Certificate are not and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any Person acting jointly or in consent with any of the foregoing (as defined in the Rights Agreement).

Signature

NOTICE

In the event the certification set forth in the Form of Assignment is not completed, the Company will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and accordingly such Rights shall be null and void.

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights Certificate)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto

(Please print name and address of transferee)

the Rights represented by this Rights Certificate, together with all right, title and interest therein and does hereby irrevocably constitute and appoint _____ as attorney to transfer the within Rights on the books of the Company, with full power of substitution.

Dated _____

Signature Guaranteed

Signature

Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Signature must be guaranteed by an "**Eligible Institution**" (i.e. a major Canadian Schedule 1 chartered bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange, Inc. Medallion Signature Program (MSP)). Members of these programs are usually members of a recognized stock exchange in Canada and the United States, members of the Canadian Investment Regulatory Organization (CIRO), members of the National Association of Securities Dealers of banks and trust companies in the United States.

To be completed if true

The undersigned hereby represents, for the benefit of all holders of Rights and Shares, that the Rights evidenced by this Rights Certificate are not and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any Person acting jointly or in consent with any of the foregoing (as defined in the Rights Agreement).

Signature

NOTICE

In the event the certification set forth in the Form of Assignment is not completed, the Company will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and accordingly such Rights shall be null and void.

SCHEDULE "D"
OMNIBUS PLAN



CAPITAN SILVER CORP

OMNIBUS INCENTIVE PLAN

Effective as of May 7, 2026

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**CAPITAN SILVER CORP.
OMNIBUS INCENTIVE PLAN
MAY 7, 2026**

The Company (as defined herein) hereby establishes an omnibus incentive plan for certain qualified directors, executive officers, employees and Consultants (as defined herein) of the Company or any Subsidiary (as defined below).

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

"Account" means an account maintained for each Participant on the books of the Company which will be credited with Awards in accordance with the terms of this Plan;

"affiliate" means a company that is affiliated with another company as described in Section 2 of TSXV Policy 1.1 – *Interpretation* ;

"Associate", where used to indicate a relationship with any Participant, means: (i) a partner, other than a limited partner, of that Participant; (ii) a trust or estate in which that Participant has a substantial beneficial interest or for which that Participant serves as trustee or in a similar capacity; (iii) an issuer in respect of which that Participant beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer; or (iv) a relative, including the spouse, of that Person or a relative of that Participant's spouse, if the relative has the same home as that Participant; but (v) where the TSXV determines that two Participants shall, or shall not, be deemed to be Associates with respect to a Member (as defined in Policy 1.1 – *Interpretation*) firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the TSXV Rule Book with respect to that Member firm, Member corporation or holding company.

"Award" means any of an Option, RSU or DSU granted to a Participant pursuant to the terms of this Plan;

"Benefits Extension Period" means any additional period of time allocated to a terminated Participant, as the case may be, during which certain benefits of employment are contractually maintained;

"Blackout Period" means any blackout period imposed by the Company applicable to a Participant, during which specified individuals, including Insiders of the Company, may not trade in the securities of the Company (including, for greater certainty, any period during which specific individuals are restricted from trading because they possess material non-public information).

"Blackout Period Expiry Date" means the date on which a Blackout Period expires;

"Board" has the meaning ascribed thereto in Section 2.2(1) hereof;

"Business Day" means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Vancouver, British Columbia for the transaction of banking business;

"Canadian Participant" means a Participant who is a resident of Canada and/or who is granted an Award in respect of, or by virtue of, employment services (other than employment services rendered by a Management Company Employee) rendered in Canada, provided that, for greater certainty, a Participant may be both a Canadian Participant and a U.S. Taxpayer;

"Cashless Exercise Right" has the meaning ascribed thereto in Section 3.6(3) hereof;

"Cause" has the meaning set out in Section 6.2(1);

"Change of Control" means, unless the Board determines otherwise, the happening, in a single transaction or in a series of related transactions, of any of the following events:

- (a) any transaction (other than a transaction described in clause (c) below) pursuant to which any Person, or group of Persons acting jointly or in concert, acquires the direct or indirect beneficial ownership of securities of the Company representing 50% or more of the aggregate voting power of all of the Company's then issued and outstanding securities entitled to vote in the election of directors of the Company, other than any such acquisition that occurs upon the exercise or settlement of Options or other securities granted by the Company under any of the Company's equity incentive plans (including this Plan);
- (b) there is consummated an arrangement, amalgamation, merger, consolidation, business combination or similar transaction involving, directly or indirectly, the Company and, immediately after the consummation of such transaction, the Shareholders immediately prior to the consummation of such transaction do not beneficially own, directly or indirectly, either (i) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such similar transaction or (ii) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Company immediately prior to such transaction;
- (c) the sale, lease, exchange, license or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Company or any Subsidiary which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Company and any Subsidiary on a consolidated basis to any other Person, other than a disposition to a wholly-owned Subsidiary in the course of a reorganization of the assets of the Company and any wholly-owned Subsidiary;
- (d) the passing of a resolution by the Board or Shareholders to substantially liquidate the assets of the Company or wind up the Company's business or significantly rearrange its affairs in one or more transactions or series of transactions, or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Company in circumstances where the business of the Company is continued and the shareholdings remain substantially the same following the re-arrangement); or
- (e) individuals who, immediately prior to a particular time, are members of the Board (the **"Incumbent Board"**) cease for any reason to constitute at least a majority of the members of the Board immediately following such time; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in

office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board;

"**Code**" means the United States *Internal Revenue Code of 1986*, as amended;

"**Code Section 409A**" means Section 409A of the Code and applicable regulations and guidance issued thereunder;

"**Company**" means Capitan Silver Corp.;

"**Consultant**" means, in relation to the Company, an individual (other than a director, officer or employee of the Company or a Subsidiary) or company that: (a) is engaged to provide on an ongoing *bona fide* basis, consulting, technical, management or other services to the Company or any Subsidiary, other than services provided in relation to a distribution; (b) provides the services under a written contract between the Company or any Subsidiary and the individual or the company, as the case may be; and (c) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary;

"**Consulting Agreement**" means, with respect to any Participant that is a Consultant, any written consulting agreement between the Company or a Subsidiary and such Participant;

"**Deferred Share Unit**" or "**DSU**" means deferred share unit of the Company credited to a Participant, represented by a notional bookkeeping entry on the books of the Company, which constitutes a right of such Participant to receive a payment as provided in Article 5 and subject to the terms and conditions of this Plan;

"**Discounted Market Price**" has the meaning ascribed thereto in Policy 1.1 – *Interpretations* of the TSXV;

"**Dividend Equivalent**" means additional RSUs or DSUs credited to a Participant's Account as a dividend equivalent pursuant to Section 4.7 or Section 5.7, respectively;

"**DSU Agreement**" means a written agreement between the Company and a Participant evidencing the grant of DSUs and the terms and conditions thereof, a form of Company is attached hereto as Exhibit "D";

"**DSU Election and Acknowledgement Form**" has the meaning set out in Section 5.8;

"**DSU Eligible Retainer**" in respect of a Non-Employee Director, means the cash fees and amounts payable to such Non-Employee Director in a calendar year for service as a member of the Board and, includes, as of the effective date of the Plan, the annual retainer payable to directors, committee retainer and/or meeting fees. For greater certainty, the DSU Eligible Retainer does not include expenses subject to reimbursement or any equity-based incentive awards granted to such Participant;

"**DSU Outside Redemption Date**" has the meaning ascribed thereto in Section 5.5;

"**DSU Redemption Date**" has the meaning ascribed thereto in Section 5.5;

"**Eligible Charitable Organization**" has the meaning ascribed thereto in Policy 4.4;

"**Eligible Participant**" means (a) in respect of a grant of Options or RSUs, any *bona fide* director, executive officer, employee or Management Company Employee of the Company or any Subsidiary, or *bona fide* Consultant, and (b) in respect of a grant of DSUs, any *bona fide* Non-Employee Director;

"Employment Agreement" means, with respect to any Participant, any written employment agreement between the Company or a Subsidiary and such Participant;

"Exchange Rules" means the rules and/or policies of any Stock Exchange or automated quotation system on which the Shares are listed, quoted or traded at an applicable time;

"Exercise Notice" means a notice by a Participant that states such Participant's intention to exercise a particular Option, in the form attached to this Plan as Exhibit "B";

"Grant Agreement" means an agreement evidencing the grant to a Participant of an Award, including an Option Agreement, an RSU Agreement, a DSU Agreement, an Employment Agreement or a Consulting Agreement;

"Insider" means, when used in relation to the Company: (i) a director or an officer of the Company; (ii) a director or an officer of a company that is itself an Insider or a subsidiary of the Company; (iii) a Person that has (x) beneficial ownership of, or control or direction over, directly or indirectly, or (y) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of the Issuer carrying more than 10% of the voting rights attached to all the Company's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the Person as underwriter in the course of a distribution; or (iv) the Company if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security;

"Investor Relations Activities" has the meaning given to such term in Section 1.2 of Policy 1.1 – *Interpretation* of the Corporate Finance Manual of the TSXV;

"Investor Relations Service Provider" means any Consultant that performs Investor Relations Activities and any director, employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities;

"ITA" means the *Income Tax Act* (Canada), as amended from time to time;

"ITA Regulations" means the regulations promulgated under the ITA, as amended from time to time;

"Legacy Awards" has the meaning ascribed thereto in Section 2.4(2) hereof;

"Management Company Employee" means an individual employed by a Person providing management services to the Company, which services are required for the ongoing successful operation of the business enterprise of the Company;

"Market Value" means, with respect to any date on which the market value of Shares must be determined, the "Market Value" will be equal to: (i) if the Shares are listed on the TSX, the VWAP of the Shares on the TSX for the five trading days immediately preceding the applicable date; (ii) if the Shares are listed on the TSXV, the closing price of the Shares on the TSXV on the last trading day immediately preceding the applicable date; (iii) if the Shares are not then listed on the TSX or the TSXV, the VWAP of the Shares on the Stock Exchange on which the majority of the trading in Shares occurs for the five trading days immediately preceding the applicable date; or (iv) if the Shares are not listed on any Stock Exchange, the value as is determined solely by the Board, acting reasonably and in good faith and such determination shall be conclusive and binding on all Persons;

"Net Exercise Right" has the meaning ascribed thereto in Section 3.6(3) hereof;

"Non-Employee Director" means a member of the Board who is not otherwise an employee or executive officer of the Company or a Subsidiary;

"Option" means an option granted by the Company to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price as provided in Article 3 and subject to the terms and conditions of this Plan;

"Option Agreement" means a written agreement between the Company and a Participant evidencing the grant of Options and the terms and conditions thereof, in the form attached to this Plan as Exhibit "A";

"Option Price" has the meaning ascribed thereto in Section 3.1 hereof;

"Option Term" has the meaning ascribed thereto in Section 3.4 hereof;

"Outstanding Issue" means the number of Shares that are outstanding as at a specified time, on a non-diluted basis;

"Participants" means Eligible Participants that are granted Awards under this Plan;

"Performance Criteria" means specified criteria, other than the mere continuation of employment or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of an Option or RSU;

"Performance Period" means the period determined by the Board at the time any Option or RSU is granted or at any time thereafter during which any Performance Criteria and any other vesting conditions specified by the Board with respect to such Option or RSU are to be measured;

"Permitted Exercise Price" means the lowest Option Price permitted by the applicable Exchange Rules, which, for the avoidance of doubt, shall be no less than (i) the Market Value at the time of grant if the Company is listed on the TSX, or (ii) the Discounted Market Price on the date of grant if the Company is listed on the TSXV;

"Person" means individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality, or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning;

"Plan" means this Omnibus Incentive Plan, including the exhibits hereto and any amendments or supplements hereto made after the effective date hereof;

"Policy 4.4" means Policy 4.4 – *Security Based Compensation* of the TSXV Corporate Finance Manual;

"Remuneration Period" has the meaning ascribed thereto in Section 5.8(2) hereof;

"Restriction Period" means, with respect to a particular grant of RSUs, the period between the date of grant of such RSUs and the latest Vesting Date in respect of any portion of such RSUs;

"Retirement" means a voluntary resignation of a Participant where the Participant has reached 65 years of age, or as otherwise stipulated from time to time in the Company's retirement policy (as such policy may be established or revised from time to time at the discretion of Company and subject to applicable laws), or as otherwise determined by the Board;

"**RSU**" means a restricted share unit of the Company credited to a Participant, represented by a notional bookkeeping entry on the books of the Company, which constitutes a right of such Participant to receive a payment as provided in Article 4 and subject to the terms and conditions of this Plan;

"**RSU Agreement**" means a written agreement between the Company and a Participant evidencing the grant of RSUs and the terms and conditions thereof, a form of which is attached as Exhibit "C";

"**RSU Outside Expiry Date**" has the meaning set out in Section 4.5(4);

"**RSU Redemption Date**" has the meaning ascribed thereto in Section 4.5(1) hereof;

"**RSU Service Year**" has the meaning ascribed thereto in Section 4.2(1) hereof;

"**SEC**" has the meaning set out in Section 8.4(5) hereof;

"**Separation from Service**" has the meaning set out under Code Section 409A;

"**Shares**" means the common shares in the share capital of the Company;

"**Share Compensation Arrangement**" means a stock option, stock option plan, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares from treasury, including a share purchase from treasury by a full-time employee, director, officer, Insider, or Consultant which is financially assisted by the Company or a Subsidiary by way of a loan, guarantee or otherwise;

"**Stock Exchange**" means the TSXV or, if the Shares are not listed or posted for trading on the TSXV at a particular date, any other stock exchange on which the majority of the trading volume and value of the Shares are listed or posted for trading;

"**Subsidiary**" means a corporation, company, partnership or other entity that is controlled, directly or indirectly, by the Company; provided that, for Options granted to Canadian Participants, a "Subsidiary" shall include only those companies that do not deal at arm's length, within the meaning of the ITA, with the Company, and further provided that, for DSUs granted to Canadian Participants, a "Subsidiary" shall include only those companies that are related, within the meaning of the ITA, to the Company;

"**Tax Obligations**" means the aggregate amount of all withholdings, source deductions and similar amounts required under any governing tax law and the corresponding remittance obligations, including amounts funded by the Company on behalf of previous withholding tax, source deduction or similar payments and owed by the Participant to the Company, as applicable (which Tax Obligations are to be determined by the Company in its sole discretion);

"**Termination Date**" means (i) in the event of a Participant's resignation or Retirement, the date on which such Participant ceases to be a director, executive officer, employee or Consultant of the Company or any Subsidiary, (ii) in the event of the termination of the Participant's employment, or position as a director, executive or officer of the Company or a Subsidiary, or Consultant, the effective date of the termination as specified in the notice of termination provided to the Participant by the Company or the Subsidiary, as the case may be, and (iii) in the event of a Participant's death or disability, the date of death or the date on which such Participant ceases to be a director, executive officer, employee or Consultant of the Company or any Subsidiary by reason of disability, as applicable; provided that, in applying the provisions of this Plan to DSUs granted to a Canadian Participant, the "Termination Date" shall be the date on which the Participant

is neither a director, employee, executive or officer of the Company or of any affiliate (as affiliate is defined by the Canada Revenue Agency for the purposes of DSUs);

"Termination of Service" means that a Participant has ceased to be an Eligible Participant;

"TSXV" means the TSX Venture Exchange or such other stock exchange as the Shares are principally traded at an applicable time;

"TSXV Rule Book" means the TSX Venture Exchange Rule Book and Policies;

"United States" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"U.S. Person" means a "U.S. person" as defined in Rule 902(k) of Regulation S under the U.S. Securities Act;

"U.S. Securities Act" means the United States *Securities Act of 1933*, as amended;

"U.S. RSU Outside Expiry Date" has the meaning set out in Section 4.1;

"U.S. Taxpayer" means a Participant who is a U.S. citizen, a U.S. permanent resident or other Person who is subject to taxation on their income or in respect of Awards under the Code, provided that, for greater certainty, a Participant may be both a Canadian Participant and a U.S. Taxpayer;

"Vesting Date" has the meaning set out in Section 4.4; and

"VWAP" means the volume weighted average trading price of the Shares on the applicable Stock Exchange calculated by dividing the total value by the total volume of such Shares traded during the applicable period.

1.2 Interpretation

- (1) Whenever the Board is to exercise discretion or authority in the administration of the terms and conditions of this Plan, the term "discretion" or "authority" means the sole and absolute discretion of the Board.
- (2) The provision of a table of contents, the division of this Plan into Articles, Sections and other subdivisions, and the insertion of headings are for convenient reference only and do not affect the interpretation of this Plan.
- (3) In this Plan, words importing the singular shall include the plural, and vice versa and words importing any gender include any other gender.
- (4) The words "including", "includes" and "include" and any derivatives of such words mean "including (or includes or include) without limitation" and similar variations. As used herein, the expressions "Article", "Section" and other subdivision followed by a number, mean and refer to the specified Article, Section or other subdivision of this Plan, respectively.
- (5) Unless otherwise specified in the Participant's Grant Agreement, all references to dollar amounts are to Canadian currency, and where any amount is required to be converted to or from a currency other than Canadian currency, such conversion shall be based on the exchange rate quoted by the Bank of Canada on the Business Day immediately preceding the applicable date of conversion.

- (6) For purposes of this Plan, the legal representatives of a Participant shall only include the administrator, the executor or the liquidator of the Participant's estate or will.
- (7) If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Plan, then the first day of the period is not counted, but the day of its expiry is counted.

ARTICLE 2

PURPOSE AND ADMINISTRATION OF THIS PLAN; GRANTING OF AWARDS

2.1 Purpose of this Plan

The purpose of this Plan is to permit the Company to grant Awards to Eligible Participants, subject to certain conditions as hereinafter set forth, for the following purposes:

- (a) to align the interests of the Company with Eligible Participants, who share responsibility for the management, growth and protection of the business of the Company or a Subsidiary;
- (b) to provide an incentive to such Eligible Participants to continue their services for the Company or a Subsidiary, and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Company or a Subsidiary are necessary or essential to its success, image, reputation or activities;
- (c) to reward Participants for their performance of services while working for the Company or a Subsidiary; and
- (d) to provide a means through which the Company or a Subsidiary may attract and retain able Persons to enter its employment or service.

2.2 Implementation and Administration of this Plan

- (1) This Plan shall be administered and interpreted by the board of directors of the Company (the "**Board**") or, if the Board by resolution so decides, by a committee or plan administrator appointed by the Board. If such committee or plan administrator is appointed for this purpose, all references to the "**Board**" herein will be deemed references to such committee or plan administrator. Nothing contained herein shall prevent the Board from adopting other or additional Share Compensation Arrangements or other compensation arrangements, subject to any required approvals.
- (2) Subject to Article 7 and any applicable rules of a Stock Exchange, the Board may, from time to time, as it may deem expedient, adopt, amend and rescind rules and regulations or vary the terms of this Plan and/or any Award hereunder for carrying out the provisions and purposes of this Plan and/or to address tax or other requirements of any applicable jurisdiction.
- (3) Subject to the provisions of this Plan, the Board is authorized, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration and operation of this Plan as it may deem necessary or advisable. The Board may delegate to officers of the Company, or any committees thereof, the authority, subject to such terms as the Board shall determine, to perform such functions, in whole or in part. Any such delegation by the Board may be revoked at any time in the Board's sole discretion. The interpretation, administration, construction and application of this Plan and any provisions hereof made by the Board, or by any officer, committee or any other Person to which the Board delegates

authority to perform such functions pursuant to the terms of this Plan, shall be final and binding on the Company, any Subsidiary and all Eligible Participants.

- (4) No member of the Board or any Person acting pursuant to authority delegated by the Board hereunder, shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of this Plan or any Award granted hereunder. Members of the Board and any Person acting at the direction or on behalf of the Board under this Plan, shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.
- (5) This Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issuance of any Shares or any other securities in the capital of the Company. For greater clarity, the Company shall not, by virtue of this Plan, be in any way restricted from declaring and paying stock dividends, repurchasing Shares, or varying or amending its share capital or corporate structure.

2.3 Participation in this Plan

- (1) The Company makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting any Participant resulting from the grant of an Award, the exercise or settlement of Awards, transactions in Awards or Shares, or otherwise, in respect of participation under this Plan. Neither the Company, nor any of its directors, officers, employees, shareholders or agents, shall be liable for anything done or omitted to be done by such Person or any other Person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares hereunder, or in any other manner related to this Plan. For greater certainty, no amount will be paid to, or in respect of, a Participant (or a person with whom the Participant does not deal at arm's length) under this Plan or pursuant to any other arrangement, and no additional Awards will be granted to such Participant, to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant (or a person with whom the Participant does not deal at arm's length) for such purpose. Neither the Company nor any Subsidiary assume or have any responsibility for, the income or other tax consequences resulting to any Participant, and each Participant is advised to consult with his or her own tax advisors.
- (2) Participants (and their legal representatives) shall have no legal or equitable right, claim or interest in any specific property or asset of the Company or any Subsidiary. No asset of the Company or any Subsidiary shall be held in any way as collateral security for the fulfillment of the obligations of the Company or any Subsidiary under this Plan. Unless otherwise determined by the Board, this Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Awards under this Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.
- (3) Unless otherwise determined by the Board and permitted by the Exchange Rules to which the Company is then subject, the Company shall not offer financial assistance to any Participant in regards to the exercise of any Award granted under this Plan.

2.4 Shares Subject to this Plan

- (1) Subject to adjustment pursuant to Article 7 , the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued Shares.

- (2) The maximum number of Shares reserved for issuance, in the aggregate, under this Plan shall be equal to 12,800,000 Shares, less any Shares underlying or made issuable pursuant to awards granted or issued by the Company under any other Share Compensation Arrangement of the Company, if any ("**Legacy Awards**"). Any Shares reserved for issue on exercise or vesting of any Legacy Awards, shall, upon expiry or forfeiture without exercise of such Legacy Award, be available for issuance under this Plan. For the purposes of calculating the number of Shares reserved for issuance under this Plan, each Share subject to a RSU shall be counted as reserving one Share under this Plan, each Share subject to a DSU shall be counted as reserving one Share under this Plan and each Share subject to an Option shall be counted as reserving one Share under this Plan. This Plan is considered to be a "fixed" plan as Shares covered by Awards or Legacy Awards which have been exercised or settled, as applicable, will not be available for subsequent grant under this Plan and the number of Awards that may be granted under this Plan will not increase if the total number of issued and outstanding Shares of the Company increases.
- (3) No new grants of Legacy Awards will be made under any other Share Compensation Arrangement of the Company.
- (4) If an outstanding Award (or portion thereof) expires or is forfeited, surrendered, cancelled or otherwise terminated for any reason without having been exercised or settled in full, or if an outstanding Award (or portion thereof) is settled in cash and not Shares, or if Shares acquired pursuant to an Award subject to forfeiture are forfeited, the Shares covered by such Award, if any, will again be available for issuance under this Plan. Shares will not be deemed to have been issued pursuant to this Plan with respect to any portion of an Award that is settled in cash.

2.5 Limits with Respect to Insiders, Individual Limits, Annual Grant Limits and Non-Employee Director Limits

- (1) The maximum number of Shares that may be made issuable to Insiders, at any time under this Plan, or when combined with all of the Company's other Share Compensation Arrangements, if any, cannot exceed 10% of the Outstanding Issue (unless the Company has obtained the requisite disinterested shareholder approval as required by the Exchange Rules).
- (2) The maximum number of Shares that may be made issuable to Insiders within any one-year period under this Plan, or when combined with all of the Company's other Share Compensation Arrangements, cannot exceed 10% of the Outstanding Issue (unless the Company has obtained the requisite disinterested shareholder approval as required by the Exchange Rules).
- (3) If the Shares are then listed on the TSXV, the maximum number of Shares that may be made issuable to certain Participants, will be subject to the following limitations:
 - the maximum aggregate number of Shares that may be made issuable pursuant to all Options granted in any 12-month period to all Eligible Charitable Organizations: (i) must not exceed 1% of the number of Shares issued and outstanding, calculated as at the date any Award is granted or issued to the Eligible Charitable Organization; and (ii) must expire after the earlier of (x) 10 years from the date of grant, and (y) 90 days after the Participant ceases to be an Eligible Charitable Organization;
 - (a) the maximum number of Shares that may be made issuable pursuant to Awards made to any Person, including employees and Non-Employee Directors, within any one-year period shall not exceed 5% of the Outstanding Issue calculated as at the date any Award is granted

or issued to such Person (unless the Company has obtained the requisite disinterested shareholder approval as required by the Exchange Rules);

- (b) the maximum aggregate number of Shares that are issuable pursuant to all Awards granted or issued in any 12 month period to any one Consultant must not exceed 2% of the number of Shares issued and outstanding, calculated as at the date any Award is granted or issued to the Consultant;
- (c) the maximum aggregate number of Shares that are issuable pursuant to all Options granted in any 12 month period to all Investor Relations Service Providers in aggregate must not exceed 2% of the number of Shares issued and outstanding, calculated as at the date any Option is granted to any such Investor Relations Service Provider;
- (d) Investor Relations Service Providers may not receive any Awards other than Options. For so long as the Company is listed on the TSXV, the Board will, through the establishment of appropriate procedures as determined by the Board in its discretion from time to time, monitor the trading in the securities of the Company by all Investor Relations Service Providers. These procedures may include, for example, the establishment of a designated brokerage account through which an Investor Relations Service Provider conducts all trades in the securities of the Company or a requirement that Investor Relations Service Providers file reports of their trades with the Board on a basis that is similar to reports required to be filed by Insiders under National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*.

2.6 Granting of Awards

Any Award granted under or otherwise governed by this Plan shall be subject to the requirement that, if at any time counsel to the Company shall determine that the listing, registration or qualification of the Shares subject to such Award, if applicable, upon any Stock Exchange or under any law or regulation of any jurisdiction, or the consent or approval of any Stock Exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant, settlement or exercise of such Award, or the issuance or purchase of Shares thereunder, as applicable, such Award may not be granted, settled or exercised, if applicable, in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Company to apply for, or to obtain, any such listing, registration, qualification, consent or approval. For Awards granted to employees, Management Company Employees and Consultants, the Company and the Participant are responsible for ensuring and confirming that the Participant is a bona fide employee, Management Company Employee or Consultant, as the case may be.

ARTICLE 3 OPTIONS

3.1 Nature of Options

An Option is an option granted by the Company to a Participant entitling such Participant to acquire one Share from treasury at the Option Price, subject to the provisions hereof. For the avoidance of doubt, no Dividend Equivalents shall be granted in connection with an Option. It is intended that all Options granted to a Canadian Participant shall have such terms and conditions as necessary to be governed by Section 7 of the ITA.

3.2 Option Awards

- (1) Subject to the provisions set forth in this Plan, and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion (i) designate the Eligible Participants who may receive Options under this Plan, (ii) fix the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (iii) determine the price per Share to be payable upon the exercise of each such Option (the "**Option Price**") and the relevant vesting provisions (including Performance Criteria, if applicable) and the Option Term, and (iv) determine if any Option granted to a Canadian Participant is for a "non-qualified security" (within the meaning of the Tax Act), in each case subject to the terms and conditions prescribed in this Plan or in any Option Agreement, and any applicable Exchange Rules.
- (2) Each Option will vest in accordance with the terms of the Option Agreement entered into in respect of such Option. Notwithstanding the foregoing, if required by the applicable Exchange Rules, Options granted to Investor Relations Service Providers must vest in stages over a period of not less than 12 months, with no more than one-quarter of such Options vesting in any three-month period, and with the first such vesting date to occur no sooner than three months after the applicable grant date. No acceleration of the vesting provisions of Options granted to Investor Relations Service Providers is allowed unless permitted by the applicable Exchange Rules and without the prior written approval of the TSXV.

3.3 Option Price

The Option Price for Shares that are the subject of any Option shall be determined and approved by the Board when such Option is granted; provided, however, that such Option Price shall not be less than the Permitted Exercise Price as set forth in the applicable Exchange Rules. Notwithstanding anything to the contrary in the Plan, (a) the Option Price for an Option granted to a U.S. Taxpayer shall in no event be less than the fair market value of a Share within the meaning of Code Section 409A, and (b) for purposes of an Option grant to a U.S. Taxpayer, the Market Value for purposes of Section 3.6 shall be determined using the same methodology that is used to determine the Option Price.

3.4 Option Term

The Board shall determine, at the time of granting a particular Option, the period during which such Option is exercisable, which shall not be more than 10 years from the date the Option is granted (in any case an "**Option Term**"); provided, however, that the maximum length of an Option Term shall be subject to applicable Exchange Rules. Unless otherwise determined by the Board, all unexercised Options shall be cancelled, without any compensation, at the expiry of such Options. Notwithstanding the expiration provisions hereof, if the date on which an Option Term expires falls within a Blackout Period, the expiration date of the Option will be the date that is 10 Business Days after the Blackout Period Expiry Date, provided that the applicable Participant is not a U.S. Taxpayer. Notwithstanding anything else herein contained, the 10 Business Day period referred to in this section may not be further extended by the Board. The automatic extension will not be permitted where the Participant or the Company is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Company's securities.

3.5 Exercise of Options

Prior to its expiration or earlier termination in accordance with this Plan, each Option shall be exercisable at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board, at the time of granting the particular Option, may determine in its discretion. For

greater certainty, any exercise of Options by a Participant shall be made in accordance with the Company's insider trading policy. The Company shall not issue any Shares to a Participant prior to the Company being satisfied in its sole discretion that all Tax Obligations under Section 8.2 will be timely withheld or received and remitted to the appropriate taxation authorities in respect of any particular Participant and any particular Option.

3.6 Method of Exercise and Payment of Purchase Price

- (1) Subject to the provisions of this Plan, an Option granted under this Plan shall be exercisable (from time to time as provided in Section 3.5 hereof) by the Participant (or by the legal representative of the Participant) by delivering a fully completed Exercise Notice, a form of which is attached as Exhibit "B", to the Company at its registered office to the attention of the Chief Financial Officer of the Company (or the individual that the Chief Financial Officer of the Company may from time to time designate), or by giving notice in such other manner or other method as the Company may from time to time designate, which Exercise Notice shall specify the number of Shares in respect of which the Option is being exercised and shall be accompanied by payment, in full, of (i) the Option Price multiplied by the number of Options being exercised as specified in such notice, and (ii) such amount in respect of Tax Obligations as the Company may require under Section 8.2. Such payment shall be in the form of cash, certified cheque, bank draft or any other form of payment deemed acceptable by the Company.
- (2) Upon the exercise of an Option in accordance with the procedures set forth in Section 3.6(1), the Company shall, as soon as practicable after such exercise but no later than 10 Business Days following such exercise, cause the transfer agent and registrar of the Shares to issue the aggregate number of Shares as the Participant (or the legal representative of the Participant) shall have then paid for and as are specified in such Exercise Notice. Such Shares shall be issued and delivered in accordance with the registration and delivery instructions specified in the Exercise Notice, it being understood and agreed that the issue of such Shares shall be evidenced by a Direct Registration Statement (DRS) advice, unless a certificate has been requested by the Participant or the Company elects an alternative form of settlement for the Shares so issued.
- (3) A Participant has the option, when entitled to exercise an Option, to, instead of paying the exercise price of the Option in cash, deal with such Option either on a "cashless exercise" basis, on such terms as the Company may determine in its discretion (the "**Cashless Exercise Right**") or on a "net exercise" basis, on such terms as the Company may determine in its discretion (the "**Net Exercise Right**") in the following manner:
 - (a) if a Participant exercises its Cashless Exercise Right, a brokerage firm of the Company's choosing loans money to a Participant to purchase the Shares underlying the Options. The brokerage firm then sells a sufficient number of Shares to cover the exercise price of the Options in order to repay the loan made to the Participant. The brokerage firm receives an equivalent number of Shares from the exercise of the Options and the Participant (or to the legal representative of the Participant) then receives the balance of the Shares or the cash proceeds (less applicable tax withholdings) from the balance of such Shares. Any cash payment resulting from a Cashless Exercise Right shall be made by the Company as soon as practicable but in any event, not later than 10 Business Days following the exercise date.
 - (b) if a Participant exercises its Net Exercise Right, the Options, excluding Options held by any Investor Relations Service Provider, are exercised without the Participant making any cash payment so the Company does not receive any cash from the exercise of the subject Options, and instead the Participant (or to the legal representative of the Participant)

receives only the number of underlying Shares that is the equal to the quotient obtained by dividing:

- (i) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Shares and the exercise price of the subject Options; by
- (ii) the VWAP of the underlying Shares.

In the event of "cashless exercise" or "net exercise", the number of Options exercised, surrendered or converted, and not the number of Shares actually issued by the Company, must be included in calculating the limits set forth in Sections 2.4 and 2.5 of the Plan.

- (4) Notwithstanding anything to the contrary provided for herein, all Options (i) exercised on a date prior to the date on which this Plan has been approved by shareholders in accordance with the Exchange Rules, or (ii) the exercise of which would result in the Company exceeding the limitations imposed by applicable Exchange Rules, must be exercised pursuant to the Cashless Exercise Right for cash.

3.7 Option Agreements

Options shall be evidenced by an Option Agreement, in the form attached to this Plan as Exhibit "A". The Option Agreement shall contain such terms as may be considered necessary in order that the Options will comply with any provisions respecting options in the income tax laws (including, in respect of Canadian Participants, such terms and conditions so as to ensure that the Options shall be continuously governed by section 7 of the ITA) or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or provide services in, or the rules of any regulatory body having jurisdiction over the Company.

3.8 Amendment

The Company must obtain disinterested shareholder approval of any decrease in the Option Price of or extensions of Options granted to individuals that are Insiders at the time of the proposed amendment.

ARTICLE 4 RESTRICTED SHARE UNITS

4.1 Nature of RSUs

A RSU is an Award in the nature of a bonus for services rendered in the year of grant, or for future services to be rendered, and that, upon settlement, entitles the recipient Participant to receive, at the sole discretion of the Company, a cash payment equal to the Market Value of a Share or, at the sole discretion of the Company, a Share or combination of cash and Shares, subject to such restrictions and conditions on vesting as the Board may determine at the time of grant, unless such RSU expires prior to being settled. Restrictions and conditions on vesting conditions may, without limitation, be based on the passage of time during continued employment (or other service relationship) (commonly referred to as "restricted share units" or "RSUs") or the achievement of specified Performance Criteria (commonly referred to as "performance share units" or "PSUs"), or both. Any grant of RSUs pursuant to this Plan that do not have the characteristics of a "restricted share unit" or "performance share unit" will be subject to any approval required by the Exchange Rules. For the avoidance of doubt, no Dividend Equivalents shall be granted in connection with an RSU or PSU except in accordance with Section 4.7 hereto. Unless otherwise provided in the applicable

RSU Agreement, it is intended that RSUs awarded to U.S. Taxpayers will be exempt from Code Section 409A under U.S. Treasury Regulation section 1.409A-1(b)(4), and, accordingly, such RSUs will be settled/redeemed by March 15th of the year following the year in which such RSUs are not, or are no longer, subject to a substantial risk of forfeiture (as such term is interpreted under Code Section 409A). For greater certainty, upon the satisfaction or waiver, or deemed satisfaction, of all Performance Criteria and other vesting conditions, the RSUs of U.S. Taxpayers will no longer be subject to a substantial risk of forfeiture and will be settled/redeemed by March 15th of the following year (the "**U.S. RSU Outside Expiry Date**"). It is intended that, in respect of RSUs granted to Canadian Participants, neither this Plan nor any RSUs granted under this Plan will constitute a "salary deferral arrangement" as defined in subsection 248(1) of the ITA, by reason of the exemption in paragraph (k) thereof. All RSUs granted under this Plan shall be in addition to, and not in substitution for, or in lieu of, ordinary salary and wages received or receivable by any Canadian Participant in respect of their services to the Company or a Subsidiary, as applicable.

4.2 RSU Awards

- (1) The Board shall, from time to time, by resolution, in its sole discretion: (i) designate the Eligible Participants who may receive RSUs under this Plan, (ii) fix the number of RSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs shall be granted, (iii) determine the relevant conditions, vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and Restriction Period of such RSUs, (iv) determine the calendar year of service of the Participant in respect of which the RSUs are granted (the "**RSU Service Year**"), and (v) determine any other terms and conditions applicable to the granted RSUs, which need not be identical and which, without limitation, may include non-competition provisions, subject to the terms and conditions prescribed in this Plan and in any RSU Agreement.
- (2) Subject to the vesting and other conditions and provisions in this Plan and in the applicable RSU Agreement, each RSU awarded to a Participant shall entitle the Participant to receive, at the sole discretion of the Company, a cash payment equal to the Market Value of a Share, a Share or any combination of cash and Shares as the Company, in its sole discretion, may determine, in each case less any applicable Tax Obligations. For greater certainty, no Participant shall have any right to demand to be paid in, or receive, Shares in respect of any RSU, and, notwithstanding any discretion exercised by the Company to settle any RSU, or portion thereof, in the form of Shares, the Company reserves the right to change such form of payment at any time until payment is actually made.

4.3 RSU Agreements

- (1) The grant of a RSU by the Board shall be evidenced by a RSU Agreement, in the form attached to this Plan as Exhibit "C". Such RSU Agreement 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 deems appropriate for inclusion in a RSU Agreement. The provisions of the various RSU Agreements issued or entered into under this Plan need not be identical.
- (2) Each RSU Agreement shall contain such terms that the Company considers necessary in order that the RSU will comply with Code Section 409A and any provisions respecting RSUs in the income tax laws (including, in respect of Canadian Participants, such terms and conditions so as to ensure that the RSUs shall not constitute a "salary deferral arrangement" as defined in subsection 248(1) of the ITA, by reason of the exemption in paragraph (k) thereof) or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or provide services in, or the rules of any regulatory body having jurisdiction over the Company.

4.4 Vesting of RSUs

Subject to the requirements under the applicable Exchange Rules, the Board shall have discretion to: (i) determine if any vesting conditions with respect to a RSU, including any Performance Criteria or other vesting conditions contained in the applicable RSU Agreement, have been met, (ii) waive the vesting conditions applicable to RSUs (or deem them to be satisfied), and (iii) extend the Restriction Period with respect to any grant of RSUs, provided that (A) any such extension shall not result in the Restriction Period for such RSUs extending beyond the RSU Outside Expiry Date, and (B) with respect to any grant of RSUs to a U.S. Taxpayer, such extension constitutes a substantial risk of forfeiture and such RSUs will continue to be exempt from (or otherwise comply with) Code Section 409A. Unless permitted by applicable Exchange Rules, no RSUs may vest before one-year following the date such RSU was granted. Acceleration of vesting is permitted in connection with a Participant's death or where a Participant ceases to be an eligible Participant in connection with a change of control, take-over bid, reverse take-over or other similar transaction. The Company shall communicate to a Participant, as soon as reasonably practicable, the date on which all such applicable vesting conditions in respect of a grant of RSUs to the Participant have been satisfied, waived or deemed satisfied, and such RSUs have vested (the "**Vesting Date**"). Notwithstanding the foregoing, if the date on which any RSUs would otherwise vest falls within a Blackout Period, the Vesting Date of such RSUs will be deemed to be the date that is the earlier of: (i) ten Business Days after the Blackout Period Expiry Date (which ten Business Day period may not be further extended by the Board), and (ii) the RSU Outside Expiry Date in respect of such RSUs, provided that, in no event, will the redemption and settlement of any RSUs of a Participant who is a U.S. Taxpayer be delayed beyond March 15th of the calendar year immediately following the year in which such RSUs are not, or are no longer, subject to a substantial risk of forfeiture (as such term is interpreted under Code Section 409A).

4.5 Redemption / Settlement of RSUs

- (1) Subject to the provisions of this Section 4.5 and Section 4.6, a Participant's vested RSUs shall be redeemed in consideration for a cash payment on the date (the "**RSU Redemption Date**") that is the earliest of: (i) the 15th day following the applicable Vesting Date for such vested RSUs (or, if such day is not a Business Day, on the immediately following Business Day), (ii) the RSU Outside Expiry Date, and (iii) in the case of a Participant who is a U.S. Taxpayer, the U.S. RSU Outside Expiry Date.
- (2) Subject to the provisions of this Section 4.5 and Section 4.6, during the period between the Vesting Date and the RSU Redemption Date, the Company (or any Subsidiary that is party to an Employment Agreement or Consulting Agreement with the Participant whose vested RSUs are to be redeemed) shall, in its sole discretion, be entitled to settle all or any portion of the cash payment obligation otherwise arising in respect of the Participant's vested RSUs by the issuance of Shares to the Participant (or the legal representative of the Participant) on the RSU Redemption Date.
- (3) Settlement of a Participant's vested RSUs shall take place on the RSU Redemption Date as follows:
 - (a) where the Company has elected to settle all or a portion of the Participant's vested RSUs in Shares issued from treasury, the Company shall deliver to the Participant (or to the legal representative of the Participant) a Direct Registration Statement (DRS) advice representing the Shares to which such Participant is entitled, unless a certificate has been requested by the Participant or the Company elects an alternative form of settlement for the Shares, in each case, subject to satisfaction of any applicable Tax Obligations in accordance with Section 8.2;

- (b) any cash payment to which the Participant is entitled (excluding, for the avoidance of doubt, any amount payable in respect of the Participant's RSUs that the Company has elected to settle in Shares) shall, subject to satisfaction of any applicable Tax Obligations under Section 8.2, be paid to the Participant (or to the legal representative of the Participant) by the Company or Subsidiary of which the Participant is a director, employee, executive officer or Consultant, in cash, by cheque or by such other payment method as the Company and the Participant may agree; and
 - (c) where the Company has elected to settle a portion, but not all, of the Participant's vested RSUs in Shares, the Participant shall be deemed to have instructed the Company to withhold from the cash portion of the payment to which the Participant is otherwise entitled such amount as may be required in accordance with Section 8.2, and to remit such withheld amount to the applicable taxation authorities on account of any Tax Obligations, and the Company shall deliver any remaining cash payable, after making any such remittance, to the Participant (or the legal representative of the Participant) as soon as reasonably practicable. In the event that the cash portion payable to settle a Participant's RSUs in the foregoing circumstances is not sufficient to satisfy the Tax Obligations of the Company or a Subsidiary pursuant to Section 8.2, the Company or Subsidiary, as applicable, shall be entitled to satisfy any remaining Tax Obligations by any other mechanism as may be required or determined by the Company or Subsidiary as appropriate, in its sole discretion.
- (4) Notwithstanding any other provision in this Article 4, no payment, whether in cash or in Shares, shall be made in respect of the settlement of any RSUs later than December 15 of the third calendar year following the end of the calendar year in respect of which such RSU is granted (the "**RSU Outside Expiry Date**").
 - (5) Notwithstanding anything to the contrary contained herein, any RSUs (i) settled on a date prior to the date on which this Plan has been approved by shareholders in accordance with the Exchange Rules, or (ii) the settlement of which would result in the Company exceeding the limitations imposed by applicable Exchange Rules, will be settled in cash only. Upon the settlement of such an RSU, the Participant (or the legal representative of the Participant) shall only be entitled to receive a cash payment (less applicable Tax Obligations) in an amount equal to the Market Value of a Share as of the RSU Redemption Date multiplied by the number of RSUs so settled. Any such cash payment shall be made by the Company as soon as practicable but in any event, not later than 10 Business Days following the RSU Redemption Date (but in no event later than the U.S. RSU Outside Expiry Date for a U.S. Taxpayer). For the avoidance of doubt, no Shares may be issued in connection with the settlement of an RSU to which this Section 4.5(5) applies.

4.6 Determination of Amounts

- (1) The cash payment obligation arising in respect of the redemption and settlement of a vested RSU pursuant to Section 4.5 shall be equal to the Market Value of a Share as of the Business Day immediately preceding the applicable RSU Redemption Date. For the avoidance of doubt, the aggregate cash amount to be paid to a Participant (or to the legal representative of the Participant) in respect of a particular redemption of the Participant's vested RSUs shall, subject to any adjustments in accordance with Section 7.1, and any Tax Obligations under Section 8.2, be equal to the Market Value of a Share as of the Business Day immediately preceding the applicable RSU Redemption Date for such vested RSUs multiplied by the number of vested RSUs in the Participant's Account at the commencement of the RSU Redemption Date (after deducting any such vested RSUs in the Participant's Account in respect of which the Company makes an election under Section 4.5(2) to settle such vested RSUs in Shares).

- (2) If the Company elects in accordance with Section 4.5(2) to settle all or a portion of the cash payment obligation arising in respect of the redemption of a Participant's vested RSUs by the issuance of Shares, the Company shall, subject to any adjustments in accordance with Section 7.1, and any Tax Obligations under Section 8.2, issue to the Participant (or to the legal representative of the Participant), for each vested RSU which the Company elects to settle in Shares, one Share. Where, as a result of any adjustment in accordance with Section 7.1, and/or any Tax Obligations under Section 8.2, the aggregate number of Shares to be received by a Participant upon an election by the Company to settle all or a portion of the Participant's vested RSUs in Shares includes a fractional Share, the aggregate number of Shares to be received by the Participant shall be rounded down to the nearest whole number.

4.7 Award of Dividend Equivalents

Dividend Equivalents may, as determined by the Board in its sole discretion and as set out in any applicable RSU Agreement, be awarded in respect of unvested RSUs in a Participant's Account on the same basis as cash dividends declared and paid on Shares as if the Participant was a shareholder on the relevant record date. Dividend Equivalents, if any, will be credited to the Participant's Account, as a bonus for services rendered in the calendar year containing the relevant record date, in additional RSUs, the number of which shall be equal to a fraction where the numerator is the product of (i) the number of RSUs in such Participant's Account on the date that dividends are paid multiplied by (ii) the dividend paid per Share, and the denominator is the Market Value of a Share calculated as of the date that dividends are paid; provided that where there is an insufficient number of Shares reserved for issuance pursuant to Awards under this Plan, or where the grant of additional RSUs would result in breaching any limit on grants or issuances contained in this Plan or in any Exchange Rules, no Dividend Equivalents shall be credited to the Participant's Account and will instead be paid in cash. Any additional RSUs credited to a Participant's Account as a Dividend Equivalent shall be subject to the same terms and conditions (including vesting and Restriction Periods) as the RSUs in respect of which such additional RSUs are credited, and shall be deemed to be subject to the same terms and conditions including expiry date as the RSUs in respect of which such additional RSUs are credited.

In the event that a Participant's applicable RSUs do not vest, all Dividend Equivalents, if any, associated with such RSUs will be forfeited by the Participant.

ARTICLE 5 DEFERRED SHARE UNITS

5.1 Nature of Deferred Share Units

A DSU is an Award in the nature of a deferral of payment for services rendered, or for future services to be rendered, by a Non-Employee Director, and that, subject to such restrictions and conditions as the Board may determine at the time of grant, following the Participant's Termination Date, entitles the recipient Participant to receive cash or Shares or any combination of cash and Shares, as determined by the Company in its sole discretion, unless such DSU expires prior to being settled. Subject to Article 7, DSUs shall only vest, and a Participant is only entitled to redemption of a DSU, when the Participant ceases to be a director, officer or employee of the Company for any reason, including termination, Retirement or death and is not otherwise an employee of the Company or an affiliate.

5.2 DSU Awards

- (1) Subject to the provisions of this Plan, and the requirements of paragraph 6801(d) of the ITA Regulations and Code Section 409A, the Board shall, from time to time, by resolution, in its sole

discretion: (i) designate the Eligible Participant who may receive DSUs under this Plan; (ii) fix the number of DSUs, if any, to be granted to any Eligible Participant and the date(s) on which such DSUs shall be granted; and (iii) determine any other terms and conditions applicable to the granted DSUs.

- (2) Subject to the vesting and other conditions and provisions in this Plan and in any DSU Agreement, each DSU awarded to a Participant shall entitle the Participant to receive, on settlement, a cash payment equal to the Market Value of a Share, or, in the discretion of the Company, one Share, or any combination of cash and Shares as the Company, in its sole discretion, may determine. For greater certainty, no Participant shall have any right to demand to be paid in, or receive, Shares in respect of any DSU, and, notwithstanding any discretion exercised by the Company to settle any DSU, or portion thereof, in the form of Shares, the Company reserves the right to change such form of payment at any time until payment is actually made.

5.3 DSU Agreements

- (1) The grant of a DSU by the Board pursuant to Section 5.2(1) shall be evidenced by a DSU Agreement in the form attached to this Plan as Exhibit "D". Such DSU Agreement 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 deems appropriate for inclusion in a DSU Agreement. The provisions of the various DSU Agreements issued under this Plan need not be identical. Unless permitted by the Exchange Rules, no DSU may vest before one-year following the date such DSU was granted. Acceleration of vesting is permitted in connection with a Participant's death or where a Participant ceases to be an eligible Participant in connection with a change of control, take-over bid, reverse take-over or other similar transaction.
- (2) Each DSU Agreement shall contain such terms that the Company considers necessary in order that the DSUs granted thereunder will comply with Code Section 409A and any provisions respecting deferred share units in the income tax laws (including, in respect of Canadian Participants, such terms and conditions so as to ensure that the DSUs shall not constitute a "salary deferral arrangement" as defined in subsection 248(1) of the ITA by reason of the exemption in paragraph 6801(d) of the ITA Regulations) or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or provide services in, or the rules of any regulatory body having jurisdiction over the Company.

5.4 Vesting of DSUs

DSUs will be fully vested before the Termination Date of the applicable Participant, provided that unless permitted by applicable Exchange Rules, no DSUs may vest before one-year following the date such DSU was granted. Notwithstanding the foregoing, if the date on which any DSUs have vested falls within a Blackout Period, the vesting of such DSUs will be deemed to occur on the date that is 10 Business Days after the Blackout Period Expiry Date for a Participant that is not a U.S. Taxpayer. Notwithstanding anything else herein contained, the 10 Business Day period referred to in this Section 5.4 may not be further extended by the Board.

5.5 Redemption / Settlement of DSUs

- (1) Except as otherwise provided in this Section 5.5 or in Section 8.10: (i) DSUs of a Participant who is a U.S. Taxpayer shall be redeemed and settled by the Company as soon as reasonably practicable

(but not later than 90 days) following the Participant's Separation from Service, and (ii) DSUs of a Participant who is a Canadian Participant (or who is neither a U.S. Taxpayer nor a Canadian Participant) shall be redeemed and settled by the Company as soon as reasonably practicable following the Participant's Termination Date (in either case, the "**DSU Redemption Date**") but in any event not later than, and any payment (whether in cash or in Shares or a combination of cash and Shares) in respect of the settlement of such DSUs shall be made no later than, December 15 of the first calendar year commencing immediately after the Participant's Termination Date (the "**DSU Outside Redemption Date**"). Notwithstanding the foregoing, if a payment in settlement of DSUs of a Participant who is both a U.S. Taxpayer and a Canadian Participant:

- (a) is required as a result of his or her Separation from Service in accordance with clause (i) above, but such payment would result in such DSUs failing to satisfy the requirements of paragraph 6801(d) of the ITA Regulations, and the Board determines that it is not practical to make such payment in some other manner or at some other time that complies with both Code Section 409A and paragraph 6801(d) of the ITA Regulations, then such payment will be made to a trustee to be held in trust for the benefit of the Participant in a manner that causes the payment to be included in the Participant's income under the Code but does not contravene the requirements of paragraph 6801(d) of the ITA Regulations, and the amount shall thereafter be paid out of the trust at such time and in such manner as complies with the requirements of paragraph 6801(d) of the ITA Regulations; or
 - (b) is required pursuant to clause (ii) above, but such payment would result in such DSUs failing to satisfy the requirements of Code Section 409A because the Participant has not experienced a Separation from Service, and if the Board determines that it is not practical to make such payment in some other manner or at some other time that satisfies the requirements of both Code Section 409A and paragraph 6801(d) of the ITA Regulations, then the Participant shall forfeit such DSUs without compensation therefor.
- (2) The Company will have, at its sole discretion, the ability to elect to settle all or any portion of the cash payment obligation arising in respect of the redemption and settlement of a Participant's DSUs by the issuance of Shares.
- (3) For greater certainty, the Company shall not pay any cash or issue any Shares to a Participant in satisfaction of the redemption of a Participant's DSUs prior to the Company being satisfied, in its sole discretion, that all applicable Tax Obligations under Section 8.2 will be complied with on a timely basis with respect to the appropriate taxation authorities in respect of any particular Participant and any particular DSUs.
- (4) The redemption and settlement of a Participant's DSUs shall occur on the applicable DSU Redemption Date as follows:
 - (a) where the Company has elected to settle all or a portion of the Participant's DSUs in Shares issued from treasury, the Company shall deliver to the Participant (or the legal representative of the Participant) a Direct Registration Statement (DRS) advice representing Shares to which such Participant is entitled, unless a certificate has been requested by the Participant or the Company elects an alternative form of settlement for the Shares, in each case, subject to satisfaction of any applicable Tax Obligations in accordance with Section 8.2;
 - (b) any cash payment to which the Participant is entitled (excluding, for the avoidance of doubt, any amount payable in respect of the Participant's DSUs that the Company has

elected to pay in Shares) shall, subject to satisfaction of any applicable Tax Obligations under Section 8.2, be paid to the Participant (or the legal representative of the Participant) by the Company in cash, by cheque or by such other payment method as the Company and Participant may agree; and

- (c) where the Company has elected to settle a portion, but not all, of the Participant's DSUs in Shares, the Participant shall be deemed to have instructed the Company to withhold from the cash portion of the payment to which the Participant is otherwise entitled such amount as may be required in accordance with Section 8.2 and to remit such withheld amount to the applicable taxation authorities on account of any Tax Obligations of the Company, and the Company shall deliver any remaining cash payable, after making any such remittance, to the Participant (or the legal representative of the Participant) as soon as reasonably practicable. In the event that the cash portion elected by the Company to settle the Participant's RSUs is not sufficient to satisfy the Tax Obligations of the Company or a Subsidiary pursuant to Section 8.2, any remaining amounts shall be satisfied by the Company or a Subsidiary, as applicable, by any other mechanism as may be required or determined by the Company as appropriate, in its sole discretion.
- (5) Notwithstanding anything to the contrary provided for herein, unless permitted by the applicable Exchange Rules, the entitlement of the Participant (or the Participant's legal representative) to settle any vested DSUs must not exceed 12 months following the Termination Date.
- (6) Notwithstanding anything to the contrary contained herein, any DSUs settled on a date prior to the date on which this Plan has been approved by shareholders in accordance with the Exchange Rules or the settlement of which would result in the Company exceeding the limitations imposed by applicable Exchange Rules, will be settled in cash only. Upon the settlement of such a DSU, the Participant (or the legal representative of the Participant) shall only be entitled to receive a cash payment (less applicable Tax Obligations) in an amount equal to the Market Value of a Share as of the DSU Redemption Date multiplied by the number of DSUs so settled. Any such cash payment shall be made by the Company as soon as practicable but in any event, not later than 10 Business Days following the Redemption Date (and with respect to the settlement of DSUs of a Participant who is a U.S. Taxpayer, no later than 90 days following the Participant's Separation from Service).

5.6 Determination of Amounts

- (1) The cash payment obligation by the Company in respect of the redemption and settlement of a DSU pursuant to Section 5.5 shall be equal to the Market Value of a Share as of the applicable DSU Redemption Date. For the avoidance of doubt, the aggregate cash amount to be paid to a Participant (or the legal representative of the Participant) in respect of a particular redemption of the Participant's DSUs shall, subject to any adjustment in accordance with Section 7.1 and any Tax Obligations under Section 8.2, be equal to the Market Value of a Share as of the DSU Redemption Date for such DSUs multiplied by the number of DSUs being redeemed (after deducting any such DSUs in respect of which the Company makes an election under Section 5.5(2) to settle such DSUs in Shares).
- (2) If the Company elects in accordance with Section 5.5(2) to settle all or a portion of the cash payment obligation arising in respect of the redemption of a Participant's DSUs by the issuance of Shares, the Company shall, subject to any adjustments in accordance with Section 7.1 and any Tax Obligations under Section 8.2, issue to the Participant, for each DSU which the Company elects to settle in Shares, one Share. Where, as a result of any adjustment in accordance with Section 7.1 and/or any Tax Obligations under Section 8.2, the aggregate number of Shares to be received by a

Participant upon an election by the Company to settle all or a portion of the Participant's DSUs includes a fractional Share, the aggregate number of Shares to be received by the Participant shall be rounded down to the nearest whole number.

5.7 Award of Dividend Equivalents

Dividend Equivalents may, as determined by the Board in its discretion and as set out in the applicable DSU Agreement, be awarded in respect of unvested DSU's in a Participant's Account on the same basis as cash dividends declared and paid on Shares as if the Participant was a shareholder on the relevant record date. Dividend Equivalents, if any, will be credited to the Participant's Account, as a bonus for services rendered in the calendar year containing the relevant record date, in additional DSUs, the number of which shall be equal to a fraction where the numerator is the product of (i) the number of DSUs in such Participant's Account on the date that dividends are paid multiplied by (ii) the dividend paid per Share, and the denominator is the Market Value of a Share calculated as of the date that dividends are paid, provided that where there is an insufficient number of Shares reserved for issuance pursuant to Awards under this Plan, or where the grant of additional DSUs would result in breaching any limit on grants or issuances contained in this Plan or in any Exchange Rules, no such Dividend Equivalents shall be credited to the Participant's Account and will instead be paid in cash. Any additional DSU's credited to a Participant's Account as a Dividend Equivalent shall be subject to the same terms and conditions (including vesting and Restriction Periods) as the DSUs in respect of which such additional DSUs are credited and shall be deemed to be subject to the same terms and conditions including expiry date as the DSUs in respect of which such additional DSUs are credited.

In the event that a Participant's applicable DSUs do not vest, all Dividend Equivalents, if any, associated with such DSUs will be forfeited by the Participant.

5.8 DSUs *In Lieu* of Cash Remuneration

- (1) An Eligible Participant can irrevocably elect, in advance but never during a Blackout Period, to receive an award of DSUs in satisfaction of his or her future DSU Eligible Retainer by delivering an election form (the "**DSU Election and Acknowledgement Form**") to the Company, in the form attached to this Plan as Exhibit "E", in accordance with the terms of this Plan.
- (2) In order for a DSU Election and Acknowledgement Form to become effective, an Eligible Participant must deliver such DSU Election and Acknowledgement Form to the Company in accordance with the following timelines:
 - (a) for the remainder of the first calendar year following the adoption of the Plan, all Eligible Participants must deliver a DSU Election and Acknowledgement Form to the Company as soon as possible, and, in any event, no later than 30 days after the adoption of the Plan (provided that, for a Participant that is a U.S. Taxpayer, such Participant is considered initially eligible to participate under Code Section 409A during such period);
 - (b) for all subsequent years during which the Plan remains effective:
 - (i) any existing Eligible Participant must deliver a DSU Election and Acknowledgement Form to the Company prior to January 1st of the year in which the DSU Eligible Retainer will be earned; or

- (ii) any new Eligible Participant must deliver an Allocation Notice to the Company as soon as possible, and, in any event, no later than 30 days after such Eligible Participant's appointment; and

in each case, the DSU Election and Acknowledgement Form so delivered to the Company will become effective at the beginning of the next quarterly period, and will only become applicable to the DSU Eligible Retainer that would otherwise have been payable to such Eligible Participant in the ordinary course on or after the beginning of such quarterly period (with the period during which an Allocation Notice remains effective being referred to herein as the "**Remuneration Period**").

- (3) An Eligible Participant can elect, from time to time but never during a Blackout Period, to modify a DSU Election and Acknowledgement Form previously delivered to the Company, for the ensuing calendar year, by delivering an updated DSU Election and Acknowledgement Form to the Company prior to the expiration of the applicable timeline set forth under Section 5.8(2), which updated DSU Election and Acknowledgement Form shall be deemed to supersede any prior DSU Election and Acknowledgement Form delivered to the Company in respect of such Eligible Participant. For the avoidance of doubt, no changes to a DSU Election and Acknowledgement Form can be made throughout the course of the ensuing Remuneration Period, and any election changes can only be made for the ensuing Remuneration Period. If an Eligible Participant wishes to modify a DSU Election and Acknowledgement Form for an ensuing Remuneration Period to cease to receive DSUs in lieu of the DSU Eligible Retainer, then such Eligible Participant shall deliver an updated DSU Election and Acknowledgement Form to the Company indicating "0%" under the heading "*Percent Remuneration in DSUs*".
- (4) The number of DSUs to be credited to the Eligible Participant's Account in satisfaction of such DSU Eligible Retainer shall be determined on a quarterly basis, as of the final day of any quarterly period, calculated as the quotient obtained when (i) the aggregate value of the DSU Eligible Retainer that would have been paid to such Eligible Participant during such quarterly period if the Eligible Participant had not delivered a DSU Election and Acknowledgement Form to the Company, is divided by (ii) the Market Value of the Shares as of the last day of such quarterly period.
- (5) The DSUs granted under Section 5.7(4) shall vest in accordance with Section 5.4, and subject to the discretion of the Board, such vested DSUs shall not be payable to the Participant until such Participant's Termination Date, in accordance with the terms of this Plan.

ARTICLE 6 GENERAL CONDITIONS

6.1 General Conditions Applicable to Awards

Each Award, as applicable, shall be subject to the following conditions:

- (1) **Vesting Period.** Each Award granted hereunder shall vest in accordance with the terms of this Plan and the Grant Agreement entered into in respect of such Award. The Board has the right, in its discretion, subject to the vesting requirements in the applicable Exchange Rules and Section 3.2(2) to waive any vesting conditions or accelerate the vesting of any Award, or to deem any Performance Criteria or other vesting conditions to be satisfied, notwithstanding the vesting schedule set forth for such Award; provided that, unless permitted under the applicable Exchange Rules, no Award shall vest before the one-year anniversary from the date of grant.

- (2) **Employment.** Notwithstanding any express or implied term of this Plan to the contrary, the granting of an Award pursuant to this Plan shall in no way be construed as a guarantee by the Company or a Subsidiary to the Participant of employment or another service relationship with the Company or a Subsidiary. The granting of an Award to a Participant shall not impose upon the Company or a Subsidiary any obligation to retain the Participant in its employ or service in any capacity. Nothing contained in this Plan or in any Award granted under this Plan shall interfere in any way with the rights of the Company or any of its affiliates in connection with the employment, retention or termination of any such Participant. The loss of existing or potential profit in Shares underlying Awards granted under this Plan shall not constitute an element of damages in the event of termination of a Participant's employment or service in any office or otherwise.
- (3) **Grant of Awards.** Eligibility to participate in this Plan does not confer upon any Eligible Participant any right to be granted Awards pursuant to this Plan. Granting Awards to any Eligible Participant does not confer upon any Eligible Participant the right to receive, nor preclude such Eligible Participant from receiving, any additional Awards at any time. The extent to which any Eligible Participant is entitled to be granted Awards pursuant to this Plan will be determined in the discretion of the Board. Participation in this Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant's relationship or employment with the Company or any Subsidiary.
- (4) **Rights as a Shareholder.** Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as a shareholder in respect of any Shares covered by such Participant's Awards by reason of the grant of such Award, until such Award has been duly exercised, as applicable, and settled and Shares have been issued in respect thereof. Without in any way limiting the generality of the foregoing, and except as provided under this Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such Shares have been issued.
- (5) **Conformity to Plan.** In the event that an Award is granted or a Grant Agreement is executed which does not conform in all particulars with the provisions of this Plan, or purports to grant Awards on terms different from those set out in this Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with this Plan.
- (6) **Non-Transferrable Awards.** Each Award granted under this Plan is personal to the Participant and shall not be assignable or transferable by the Participant, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased Participant. No Award granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.
- (7) **Participant's Entitlement.** Except as otherwise provided in this Plan (including pursuant to Section 6.2), or unless the Board permits otherwise, upon any Subsidiary ceasing to be a Subsidiary, Awards previously granted under this Plan that, at the time of such change, are held by a Person who is a director, executive officer, employee or Consultant of such Subsidiary and not of the Company itself, whether or not then exercisable, shall automatically terminate on the date of such change.

6.2 General Conditions Applicable to Options

Each Option shall be subject to the following conditions:

- (1) **Termination for Cause.** Upon a Participant ceasing to be an Eligible Participant for Cause, any vested or unvested Option granted to such Participant shall terminate automatically and become void immediately. For the purposes of this Plan, the determination by the Company that the Participant was discharged for Cause shall be binding on the Participant. "Cause" shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the Company's codes of conduct and any other reason determined by the Company to be cause for termination.
- (2) **Termination not for Cause.** Upon a Participant ceasing to be an Eligible Participant as a result of his or her employment or service relationship with the Company or a Subsidiary being terminated without Cause: (i) any unvested Option granted to such Participant shall terminate and become void immediately, and (ii) any vested Option granted to such Participant may be exercised by such Participant, subject to the limitations set forth herein. Such vested Option shall only be exercisable until the earlier of: (i) 90 days after the Participant's Termination Date (or such later date as the Board may, in its discretion, determine, but which shall not be later than 12 months from the Participant's Termination Date), and (ii) the expiry date of such Option as set forth in the applicable Grant Agreement, after which such vested Option will expire. For greater certainty, no Option shall be exercisable, redeemable or settled beyond a date that is 12 months from the Participant's Termination Date or such date that a Participant ceases to be an Eligible Participant, and no Participant shall have any rights with respect to any Option not redeemed or settled beyond such date.
- (3) **Resignation.** Upon a Participant ceasing to be an Eligible Participant as a result of such his or her resignation from the Company or a Subsidiary: (i) any unvested Option granted to such Participant shall terminate and become void immediately upon such resignation and (ii) any vested Option held by such Participant shall cease to be exercisable on the earlier of: (A) 90 days after the Participant's Termination Date, and (B) the expiry date of such Option as set forth in the applicable Grant Agreement, after which such vested Option will expire.
- (4) **Permanent Disability/Retirement.** Upon a Participant ceasing to be an Eligible Participant by reason of Retirement or permanent disability: (i) any unvested Option granted to such Participant shall terminate and become void immediately, and (ii) any vested Option held by such Participant shall cease to be exercisable on the earlier of: (i) 90 days after the Participant's Termination Date, and (ii) the expiry date of such Option as set forth in the applicable Grant Agreement, after which such vested Option will expire.
- (5) **Death.** Upon a Participant ceasing to be an Eligible Participant by reason of death: (i) each unvested Option granted to such Participant shall terminate and become void immediately, and (ii) each vested Option held by such Participant on the Termination Date may be exercised by the legal representative of the Participant, provided that any such vested Option shall cease to be exercisable on the earlier of: (A) the date that is six months after the Participant's Termination Date or (B) the expiry date of such Option as set forth in the applicable Grant Agreement, after which such vested Option will expire.
- (6) **Leave of Absence.** Upon a Participant electing a voluntary leave of absence of more than 12 months, including maternity and paternity leaves, the Board may determine, in its discretion but subject to applicable laws, that such Participant's participation in this Plan shall be terminated, provided that all vested Options in the Participant's Account shall remain outstanding and in effect until the applicable exercise date, or an earlier date determined by the Board in its discretion.

6.3 General Conditions Applicable to DSUs and/or RSUs

Each DSU and/or RSU granted to a Participant that is not a U.S. Taxpayer shall be subject to the following conditions:

- (1) **Termination for Cause and Resignation.** Upon a Participant ceasing to be an Eligible Participant for Cause, or as a result of his or her resignation from the Company or a Subsidiary, the Participant's participation in this Plan shall be terminated immediately, all RSUs and/or DSUs credited to such Participant's Account that have not vested shall be forfeited and cancelled, and the Participant's rights that relate to such Participant's unvested RSUs and/or DSUs shall be forfeited and cancelled on the Termination Date. Any vested RSUs shall be redeemed and settled in accordance with Section 4.5.
- (2) **Death, Retirement, Leave of Absence or Termination of Service.** Except as otherwise determined by the Board from time to time, in its discretion, upon a Participant electing a voluntary leave of absence of more than 12 months, including maternity and paternity leaves, or upon a Participant ceasing to be Eligible Participant as a result of: (i) death, (ii) Retirement, (iii) Termination of Service for reasons other than for Cause, (iv) his or her employment or service relationship with the Company or a Subsidiary being terminated by reason of injury or disability, or (v) becoming eligible to receive long-term disability benefits (provided that, for greater certainty, such eligibility and the effective date thereof shall be confirmed in writing to the Company by the insurance company providing such benefits), the Participant's participation in this Plan shall be terminated immediately, all RSUs and/or DSUs credited to such Participant's Account that have not vested shall be forfeited and cancelled, and the Participant's rights that relate to such Participant's unvested RSUs shall be forfeited and cancelled on the Termination Date; provided, however, that any Participant (or the Participant's legal representative) shall not forfeit their entitlement to any DSUs as a result of the occurrence of any of the events described in numerals (i), (ii), (iii) or (iv) of this Section 6.3(2). Any vested RSUs and or DSUs shall be redeemed and settled in accordance with Section 4.5 and Section 5.5, respectively, provided that, no DSUs shall be exercisable, redeemable or settled beyond a date that is 12 months from the Participant's Termination Date or such date that a Participant ceases to be an Eligible Participant, and no Participant shall have any rights with respect to any DSUs not redeemed or settled beyond such date. Except as otherwise determined by the Board from time to time, in its discretion, the vesting of RSUs shall be subject to the following:
 - (a) For Each Outstanding RSUs Granted – Time Vesting Component:
 - (i) in the event the Participant is not entitled to a Benefits Extension Period, then the time vesting component of each RSU grant will be *pro-rated* based on the number of days actually worked from the date of RSU grant until the Termination Date or the date that the voluntary leave of absence begins, as applicable, over the number of days in the original vesting schedule in relation to such RSU grant; or
 - (ii) in the event the Participant is entitled to a Benefits Extension Period, then the time vesting component of each RSU grant will be *pro-rated* based on the sum of (I) the number of days actually worked from the date of RSU grant up until the Termination Date or date that the voluntary leave of absence begins, as applicable, and (II) the number of days included in the Benefits Extension Period, over the number of days in the original vesting schedule in relation to such grant; and
 - (b) For Each Outstanding RSUs Granted – Performance Criteria Component

- (i) in the event the Participant is not entitled to a Benefits Extension Period, then the performance vesting component of each RSU grant will be *pro-rated* based on the number of days actually worked from the date of RSU grant until the Termination Date or date that the voluntary leave of absence begins, as applicable, over the number of days in the original vesting schedule in relation to such grant; the number of vested RSUs resulting from such *pro-rated* calculation will be multiplied by the performance percentage determined by the Board; and
 - (ii) in the event the Participant is entitled to a Benefits Extension Period, then the performance vesting component of each RSU grant will be pro-rated based on the sum of (I) the number of days actually worked from the date of RSU grant up until the Termination Date or date that the voluntary leave of absence begins, as applicable, and (II) the number of days included in the Benefits Extension Period, over the number of days of the original vesting schedule set forth in relation to such grant.
- (3) **General.** For greater certainty, where: (i) a Participant's employment or service relationship with the Company or a Subsidiary is terminated pursuant to Section 6.3(1) or Section 6.3(2) hereof, or (ii) a Participant elects for a voluntary leave of absence pursuant to Section 6.3(2) hereof, following the satisfaction of all vesting conditions in respect of particular RSUs, but before receipt of the corresponding distribution or payment in respect of such RSUs, the Participant shall remain entitled to such distribution or payment and any such vested RSUs shall be redeemed and settled in accordance with Section 4.5, provided that any such redemptions and settlements shall be subject to the limits set forth in Section 2.5(3).
- (4) Notwithstanding anything to the contrary, no RSUs shall be exercisable, redeemable or settled beyond a date that is 12 months from the Participant's Termination Date or such date that a Participant ceases to be an Eligible Participant, and no Participant shall have any rights with respect to any RSUs not redeemed or settled beyond such date.

ARTICLE 7 ADJUSTMENTS AND AMENDMENTS

7.1 Adjustment to Shares Subject to Outstanding Awards

- (1) At any time after the grant of an Award to a Participant and prior to the expiration of the term of such Award or the forfeiture or cancellation of such Award, in the event of: (i) any subdivision of the Shares into a greater number of Shares, (ii) any consolidation of Shares into a lesser number of Shares, (iii) any reclassification, reorganization or other change affecting the Shares, (iv) any merger, amalgamation, business combination or consolidation of the Company with or into another Person, or (v) any distribution to all holders of Shares or other securities in the capital of the Company, of cash, evidences of indebtedness or other assets of the Company (excluding an ordinary course dividend in cash or Shares, but including, for greater certainty, Shares or equity interests in a Subsidiary or business unit of the Company or any Subsidiary or cash proceeds of the disposition of such a subsidiary or business unit) or any transaction or change having a similar effect, then the Board shall in its sole discretion, subject to the required approval of any Stock Exchange and governing tax regimes, determine the appropriate adjustments or substitutions to be made in such circumstances in order to maintain the economic rights of the Participant in respect of such Award in connection with such occurrence or change, including, without limitation:

- (a) adjustments to the exercise price of such Award without any change in the total price applicable to the unexercised portion of the Award;
 - (b) adjustments to the number of Shares or cash amount to which the Participant is entitled upon exercise of such Award; or
 - (c) adjustments to the number or kind of Shares reserved for issuance pursuant to such Award or this Plan.
- (2) If required by the applicable Exchange Rules, any adjustment made pursuant to Section 7.1(1), other than in connection with either the subdivision of the Shares into a greater number of Shares or the consolidation of Shares into a lesser number of Shares, is subject to the Stock Exchange's prior approval.

7.2 Change of Control

- (1) In the event of a potential Change of Control, the Board shall have the power, in its sole discretion, to modify the terms of this Plan and/or the Awards (subject to the applicable Exchange Rules and Section 3.2(2) hereof) to assist the Participants to tender into a takeover bid or participating in any other transaction leading to a Change of Control. For greater certainty, in the event of a take-over bid or any other transaction leading to a Change of Control, the Board shall have the power, in its sole discretion, to: (i) provide that any or all Options shall thereupon terminate, provided that any such outstanding Options that have vested shall remain exercisable until the consummation of such Change of Control; and (ii) permit Participants to conditionally exercise their vested Options immediately prior to the consummation of the take-over bid and the Shares issuable under such Options to be tendered to such bid, such conditional exercise to be conditional upon the take-up by such offeror of the Shares or other securities tendered to such take-over bid in accordance with the terms of such take-over bid (or the effectiveness of such other transaction leading to a Change of Control).
- (2) If, however, the potential Change of Control referred to in this Section 7.2 is not completed within the time specified therein (as the same may be extended), then notwithstanding this Section 7.2 or the definition of "Change of Control": (i) any conditional exercise of vested Options shall be deemed to be null, void and of no effect, and such conditionally exercised Options shall for all purposes be deemed not to have been exercised; (ii) Shares which were issued pursuant to the exercise of Options which vested pursuant to this Section 7.2 shall be returned by the Participant to the Company and reinstated as authorized but unissued Shares; and (iii) the original terms applicable to Options which vested pursuant to this Section 7.2 shall be reinstated.
- (3) In the event of a Change of Control, the Board may exercise its discretion subject to applicable Exchange Rules and Section 3.2(2) of this Plan to accelerate the vesting of, or waive the Performance Criteria or other vesting conditions applicable to, outstanding RSUs, and the date of the such action shall be the Vesting Date of such RSUs. Any Award to a U.S. Taxpayer that is subject to Code Section 409A shall be settled in accordance with the applicable award agreement in a manner that is consistent with Code Section 409A.
- (4) If the Company completes a transaction constituting a Change of Control and within 12 months following the Change of Control a Participant who was also an officer or employee of, or Consultant to, the Company prior to the Change of Control has their Employment Agreement or Consulting Agreement terminated, or the Participant is constructively dismissed, then: (i) all unvested Options granted to such Participant shall immediately vest and become exercisable, and

remain open for exercise until the earlier of: (A) their expiry date as set out in the applicable Grant Agreement, and (B) the date that is 90 days after such termination or dismissal; and (ii) all unvested RSUs shall become vested, and the date of such Participant's Termination Date shall be deemed to be the Vesting Date and any such vested RSUs shall be redeemed and settled in accordance with Section 4.5 or, for U.S. Taxpayers, as provided in the applicable award agreement. If the Shares are then listed on the TSXV, no acceleration of the vesting provisions of Options granted to Investor Relations Service Providers is allowed without the prior acceptance of the TSXV.

7.3 Amendment or Discontinuance of this Plan

- (1) Subject to the requirements set forth in the applicable Exchange Rules, the Board may suspend or terminate this Plan at any time, or from time to time amend or revise the terms of this Plan or any granted Award, without the consent of the Participants, provided that such suspension, termination, amendment or revision shall:
 - (a) not adversely alter or impair the rights of any Participant without the consent of such Participant, except as permitted by the provisions of this Plan;
 - (b) be in compliance with applicable law (including the provisions of the ITA and Code Section 409A, to the extent they are applicable), including the prior approval, if required, of the shareholders of the Company, the TSXV (or any other Stock Exchange), or any other regulatory body having authority over the Company; and
 - (c) be subject to shareholder approval, where required by law or the requirements of the TSXV (or any other Stock Exchange), provided that the Board may, from time to time, in its absolute discretion and without approval of the shareholders of the Company, make the following amendments to this Plan:
 - (i) any amendment necessary to comply with applicable law (including taxation laws), or the requirements of the TSXV (or any other Stock Exchange) or any other regulatory body;
 - (ii) any amendment of a "housekeeping" nature, including to clarify the meaning of an existing provision of this Plan, correct or supplement any provision of this Plan that is inconsistent with any other provision of this Plan, correct any grammatical or typographical errors, or amend the definitions in this Plan;
 - (iii) any amendment regarding the administration of this Plan;
 - (iv) any other amendment that does not require the approval of the shareholders of the Company under Section 7.3(2).
- (2) Notwithstanding Section 7.3(1), if required by the applicable Exchange Rules, the Board shall be required to obtain shareholder approval, or disinterested shareholder approval, where applicable, to make the following amendments:
 - (a) any increase to the maximum number of Shares issuable under this Plan, except in the event of an adjustment pursuant to Article 7;

- (b) except in the case of an adjustment pursuant to Article 7 any amendment which reduces the Option Price of an Option or any cancellation of an Option and replacement of such Option with an Option with a lower Option Price;
 - (c) any amendment which extends the expiry date of any Award, or the Restriction Period of any RSU, beyond the original expiry date or Restriction Period;
 - (d) any amendment to the number of Shares that may be issuable pursuant to Awards made to employees and Non-Employee Directors;
 - (e) any amendment to the limits on Awards to Non-Employee Directors set out in Section 2.5(3); and
 - (f) any amendment to the definition of an Eligible Participant under this Plan; and
- (3) notwithstanding anything to the contrary provided for herein, any amendments to the terms of the Plan or to grants or issuances of Awards will, if required by applicable Exchange Rules, be subject to the prior approval of the Stock Exchange and the approval of shareholders (including disinterested shareholder approval, where required).

ARTICLE 8 MISCELLANEOUS

8.1 Use of an Administrative Agent

The Board may, in its sole discretion, appoint from time to time one or more Persons to act as administrative agent to administer the Awards granted under this Plan, and to hold and administer the assets that may be held in respect of Awards granted under this Plan, the whole in accordance with the terms and conditions determined by the Board in its discretion. The Company and the administrative agent will maintain records showing the number of Awards granted to each Participant under this Plan.

8.2 Tax Withholding

Notwithstanding any other provision of this Plan, all distributions, delivery of Shares, or payments to a Participant (or to the legal representative of the Participant) under this Plan shall be made net of any applicable Tax Obligations. If the event giving rise to the Tax Obligation involves an issuance or delivery of Shares, the withholding may be satisfied in such manner as the Company determines, including: (i) by the sale of a portion of such Shares by the Company, the Company's transfer agent and registrar, or any trustee or administrative agent appointed by the Company pursuant to Section 8.1, on behalf of, and as agent for, the Participant, as soon as permissible and practicable, with the proceeds of such sale being used to satisfy any Tax Obligations of the Company and any remaining proceeds, following such withholding and remittance, to be paid to the Participant, (ii) by requiring the Participant, as a condition of receiving such Shares, to pay to the Company an amount in cash sufficient to satisfy such withholding, or (iii) by any other mechanism as may be required or determined by the Company to be appropriate. Nothing in this Section 8.2 will supersede the requirements under Policy 4.4 nor result in the alteration of the exercise price of any Awards.

8.3 Clawback

Notwithstanding any other provision of this Plan, any Award which is subject to recovery under any law, government regulation or Stock Exchange requirement, will be subject to such deductions and clawback as

may be required to be made pursuant to such law, government regulation or Stock Exchange requirement (or any policy adopted by the Company pursuant to any such law, government regulation or Stock Exchange requirement), or any policy adopted by the Company. The Board may provide that any outstanding Awards (whether or not vested or exercisable) and the proceeds from the exercise or disposition of any Awards, or Shares acquired under Awards, will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, if the Participant to whom the Award was granted violates: (i) any non-competition, non-solicitation, confidentiality or other restrictive covenant by which the Participant is bound; or (ii) any policy adopted by the Company applicable to the Participant that provides for forfeiture or disgorgement with respect to incentive compensation that includes Awards under the Plan. In addition, the Board may require forfeiture and disgorgement to the Company of outstanding Awards, and the proceeds from the exercise or disposition of Awards or Shares acquired under Awards, with interest and other related earnings, to the extent required by law or applicable Stock Exchange standards, including any related policy adopted by the Company. Each Participant, by accepting or being deemed to have accepted an Award under this Plan, agrees to cooperate fully with the Board, and to cause any and all permitted transferees of the Participant to cooperate fully with the Board, to effectuate any forfeiture or disgorgement required under this Plan. Neither the Board, the Company, nor any other Person, other than the Participant and the Participant's permitted transferees, if any, will be responsible for any adverse tax or other consequences to a Participant or the Participant's permitted transferees, if any, that may arise in connection with this Section 8.3. Nothing in this Section 8.3 will supersede the requirements under Policy 4.4 nor result in the alteration of the exercise price of any Awards.

8.4 Securities Law Compliance

- (1) This Plan (including any amendments to it), the terms of the grant of any Award under this Plan, the grant of any Award, the exercise of any Option, the delivery of any Shares upon exercise of any Option, or the Company's election to deliver Shares in respect of any Awards, shall be subject to all applicable federal, provincial, state and foreign laws, rules and regulations, the rules and regulations of applicable Stock Exchanges, and to such approvals by any regulatory or governmental agency as may, as determined by the Company, be required. The Company shall not be obliged by any provision of this Plan, or the grant, exercise or settlement of any Award hereunder, to issue, sell or deliver Shares in violation of such laws, rules and regulations or any condition of such approvals.
- (2) No Awards shall be granted, and no Shares shall be issued, sold or delivered hereunder, where such grant, issue, sale or delivery would require registration of this Plan or of the Awards or Shares under the securities laws of any applicable jurisdiction, or the filing of any prospectus for the qualification of same thereunder, and any purported grant of any Award or purported issue or sale of Shares hereunder in violation of this provision shall be void.
- (3) The Company shall have no obligation to issue any Shares pursuant to this Plan unless upon official notice of issuance such Shares shall have been duly listed with a Stock Exchange. Shares issued, sold or delivered to Participants under this Plan may be subject to limitations on sale or resale under applicable securities laws or applicable Exchange Rules.
- (4) If Shares cannot be issued to a Participant upon the exercise or settlement of an Award due to legal or regulatory restrictions, the obligation of the Company to issue such Shares shall terminate, and any funds paid to the Company in connection with the exercise or settlement of such Award will be returned to the applicable Participant as soon as practicable.
- (5) With respect to Awards granted in the United States or to U.S. Persons, or at such time as the Company ceases to be a "foreign private issuer" (as defined in Rule 405 under the U.S. Securities

Act), unless the Shares which may be issued upon the exercise or settlement of such Awards are registered under the U.S. Securities Act, the Awards granted under this Plan, and any Shares that may be issuable upon the exercise or settlement of such Awards, will be considered "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act). Accordingly, any such Awards or Shares issued prior to a registration statement being filed and effective with the United States Securities and Exchange Commission (the "SEC") may not be offered, sold, pledged, or otherwise transferred by the Participant, directly or indirectly, without registration under the U.S. Securities Act and applicable state securities laws, or unless in compliance with an available exemption therefrom. Certificate(s) representing any Award(s) and any Shares issued upon the exercise or settlement of such Awards prior to a registration statement being filed and effective with the SEC, and all certificate(s) issued in exchange therefor or in substitution thereof, will be endorsed with the following or a similar legend until such time as it is no longer required under the applicable requirements of the U.S. Securities Act:

"THE SECURITIES REPRESENTED HEREBY [AND THE SECURITIES ISSUABLE UPON [SETTLEMENT][EXERCISE] HEREOF] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY ACQUIRING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE COMPANY THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH THE REQUIREMENTS OF RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE U.S. STATE SECURITIES LAWS, AFTER, IN THE CASE OF TRANSFERS UNDER CLAUSE (C) OR (D), THE HOLDER HAS FURNISHED TO THE COMPANY AND ITS TRANSFER AGENT AN OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE COMPANY AND ITS TRANSFER AGENT TO THE EFFECT THAT SUCH EXEMPTION(S) ARE AVAILABLE."

8.5 Reorganization of the Company

The existence of any Awards shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, reclassification, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company, or to create or issue any bonds, debentures, Shares or other securities of the Company or the rights and conditions attaching thereto, or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

8.6 Quotation of Shares

So long as the Shares are listed on one or more Stock Exchanges, the Company must apply to such Stock Exchange or Stock Exchanges for the listing or quotation, as applicable, of the Shares underlying the

Awards granted under this Plan, however, the Company cannot guarantee that such Shares will be listed or quoted on any Stock Exchange.

8.7 No Fractional Shares

No fractional Shares shall be issued upon the exercise of any Option granted under this Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise of such Option, or from an adjustment permitted by the terms of this Plan, such Participant shall only have the right to purchase the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

8.8 Governing Laws

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

8.9 Severability

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

8.10 Code Section 409A

It is intended that any payments under this Plan to U.S. Taxpayers shall be exempt from or comply with Code Section 409A, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes and penalties under Code Section 409A. In addition, to the extent permitted by the Exchange Rules, the Board shall have the authority to enter into an award agreement with a U.S. Taxpayer that modifies any of the terms and conditions of the Plan with respect to that Participant in order to facilitate compliance with Code Section 409A. Solely to the extent that Awards of a U.S. Taxpayer are determined to be subject to Code Section 409A, the following will apply with respect to the rights and benefits of U.S. Taxpayers under this Plan:

- (1) Except as permitted under Code Section 409A, any deferred compensation (within the meaning of Code Section 409A) payable to or for the benefit of a U.S. Taxpayer may not be reduced by, or offset against, any amount owing by the U.S. Taxpayer to the Company or any of its affiliates. Each amount to be paid or benefit to be provided under the Plan shall be construed as a separate and distinct payment for purposes of Code Section 409A. With respect to any Award that is subject to Code Section 409A that is granted to a U.S. Participant, the "Termination Date" shall only be deemed to occur upon the U.S. Taxpayer's Separation from Service.
- (2) If a U.S. Taxpayer becomes entitled to receive payment in respect of any DSUs, or any RSUs that are subject to Code Section 409A, as a result of a Separation from Service, and the U.S. Taxpayer is a "specified employee" (within the meaning of Code Section 409A) at the time of the Separation from Service, and: (i) all or a portion of the RSUs or DSUs constitute "deferred compensation" (within the meaning of Code Section 409A), and (ii) any such deferred compensation that would otherwise be payable during the six-month period following such Separation from Service is required to be delayed pursuant to the six-month delay rule set forth in Code Section 409A in order to avoid taxes or penalties under Code Section 409A, then payment of such "deferred compensation" shall not be made to the U.S. Taxpayer before the date which is six months after the date of such Separation from Service (and shall be paid in a single lump sum on the first day of the

seventh month following the date of such Separation from Service) or, if earlier, the U.S. Taxpayer's date of death.

- (3) A U.S. Taxpayer's status as a "specified employee" (within the meaning of Code Section 409A) shall be determined by the Company as required by Code Section 409A on a basis consistent with Code Section 409A, and such basis for determination will be consistently applied to all plans, programs, contracts, agreements, etc. maintained by the Company that are subject to Code Section 409A.
- (4) Although the Company intends that Options will be exempt from Code Section 409A, that RSUs will be exempt from Code Section 409A or will comply with Code Section 409A, and that DSUs will comply with Code Section 409A, the Company makes no assurances as to the Code Section 409A treatment of Awards hereunder. Each U.S. Taxpayer, or any beneficiary of the U.S. Taxpayer's estate, as the case may be, is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such U.S. Taxpayer in connection with this Plan (including any taxes and penalties under Code Section 409A), and neither the Company nor any Subsidiary shall have any obligation to indemnify or otherwise hold such U.S. Taxpayer, or beneficiary of the U.S. Taxpayer's estate, harmless from any or all of such taxes or penalties.
- (5) In the event that the Board determines that any amounts payable under this Plan will be taxable to a Participant under Code Section 409A prior to payment to such Participant of such amount, the Company may: (i) adopt such amendments to this Plan and the RSUs and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Board determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Plan and the RSUs, and/or (ii) take such other actions as the Board determines necessary or appropriate to avoid or limit the imposition of an additional tax under Code Section 409A.
- (6) In the event that the Company amends, suspends or terminates this Plan or RSUs as permitted under this Plan, such amendment, suspension or termination will be undertaken in a manner that does not result in adverse tax consequences under Code Section 409A.

[Remainder of page intentionally left blank. Exhibits to follow.]

EXHIBIT "A"

FORM OF OPTION AGREEMENT

This Option Agreement is entered into between Capitan Silver Corp. (the "**Company**") and the Participant named below, pursuant to the Company's Omnibus Incentive Plan (the "**Plan**"), a copy of which is attached hereto, and confirms that on:

1. _____ (the "**Grant Date**").
2. _____ (the "**Participant**").
3. was granted _____ options ("**Options**") to purchase Shares of the Company, in accordance with the terms of this Plan, which Options will bear the following terms:
 - (a) Exercise Price and Expiry. Subject to the vesting conditions specified below, the Options will be exercisable by the Participant at a price of \$ _____ per common share of the Company (the "**Option Price**") at any time prior to expiry on _____ (the "**Expiration Date**").
 - (b) Vesting; Time of Exercise. Subject to the terms of the Plan, the Options shall vest and become exercisable as follows:

Number of Options	Vesting Date
_____	_____
_____	_____
_____	_____

If the number of Shares vesting in a tranche set forth above covers a fractional Share, such fractional Share will be rounded down to the nearest whole number of Shares. Notwithstanding anything to the contrary herein, the Options shall expire on the Expiration Date set forth above and must be exercised, if at all, on or before the Expiration Date. Options are denominated in Canadian dollars (C\$).

4. Notwithstanding anything to the contrary provided for herein, all Options exercised on a date prior to the date on which the Plan has been approved by shareholders in accordance with the Exchange Rules, or the exercise of which would result in the Company exceeding the limitations imposed by applicable Exchange Rules, shall be subject to the Net Settlement Requirement in accordance with Section 3.6(4) of the Plan and may only be settled in cash.
5. The Options shall be exercisable only by delivery to the Company of a duly completed and executed notice in the form attached to this Option Agreement (or by giving notice to the Company in such other manner or other method as the Company may from time to time designate in accordance with Section 3.6(1)) (the "**Exercise Notice**"), together with payment of the Option Price for each common share covered by the Exercise Notice (including an amount equal to any applicable Tax Obligations, as defined in the Plan) [**and/or, if applicable, a notice that the Participant intends to utilize the the Participant's Cashless Exercise Right as set out in the Plan or terminate the**

Options in lieu of exercise, pursuant to the Participant's Net Exercise Right as set out in the Plan].

6. Subject to the terms of the Plan, unless otherwise specified in the Exercise Notice, the Options shall be deemed to be: (i) exercised upon receipt by the Corporation of such written Exercise Notice accompanied by (a) the aggregate Option Price (plus an amount equal to any applicable Tax Obligations), **[or (b) notice of exercise of the Participant's Cashless Exercise Right and receipt (from the broker on behalf of the Participant) of the aggregate Option Price, or (ii) terminated upon election by the Participant in lieu of exercise, pursuant to the Participant's Net Exercise Right]**.
7. Certain of the Options granted hereunder may be Options for "non-qualified securities" under the ITA. If this is applicable to the Participant, the Participant is required to confirm the number of Options for "non-qualified securities" on the execution page of this Agreement. By accepting this Agreement, the Participant acknowledges that the foregoing constitutes notification in writing from the Company and from the Subsidiary which is the employer of the Participant that the specified number of Options are Options in respect of "non-qualified securities" (within the meaning of the ITA).
8. The Participant hereby represents and warrants (on the date of this Option Agreement and upon each exercise or termination of Options) that:
 - (a) the Participant has not received any offering memorandum, or any other documents (other than annual financial statements, interim financial statements or any other document the content of which is prescribed by statute or regulation, other than an offering memorandum) describing the business and affairs of the Company that has been prepared for delivery to, and review by, a prospective purchaser in order to assist it in making an investment decision in respect of the Shares;
 - (b) the Participant is acquiring the Shares without the requirement for the delivery of a prospectus or offering memorandum, pursuant to an exemption under applicable securities legislation and, as a consequence, is restricted from relying upon the civil remedies otherwise available under applicable securities legislation and may not receive information that would otherwise be required to be provided to it;
 - (c) the Participant has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Company and does not desire to utilize a registrant in connection with evaluating such merits and risks;
 - (d) the Participant acknowledges that an investment in the Shares involves a high degree of risk, and represents that it understands the economic risks of such investment and is able to bear the economic risks of this investment;
 - (e) the Participant acknowledges that he or she is responsible for paying any applicable taxes and withholding taxes arising from the exercise or termination (including upon exercise of the Cashless Exercise Right or Net Exercise Right) of any Options, as provided in Section 8.2 of the Plan;
 - (f) this Option Agreement constitutes a legal, valid and binding obligation of the Participant, enforceable against him in accordance with its terms; and

- (g) the execution and delivery of this Option Agreement and the performance of the obligations of the Participant hereunder will not result in the creation or imposition of any lien, charge or encumbrance upon the Shares.

The Participant acknowledges that the Company is relying upon such representations and warranties in granting the Options and issuing any Shares upon exercise thereof.

9. The Participant's delivery of the signed Exercise Notice to exercise the Options (in whole or in part) shall be accompanied by full payment of the Exercise Price for the Shares being purchased (including an amount equal to the Tax Obligations) **[and/or a notice that the Participant intends to exercise the Participant's Cashless Exercise Right or Net Exercise Right as set out in the Plan]**. Payment for the Shares may be made by certified cheque or wire transfer in readily available funds.
10. The Participant acknowledges and represents that: (i) the Participant fully understands and agrees to be bound by the terms and provisions of this Option Agreement and the Plan; (ii) agrees and acknowledges that the Participant has received a copy of the Plan and that the terms of the Plan form part of this Option Agreement; and (iii) hereby accepts these Options subject to all of the terms and provisions hereof and of the Plan. To the extent of any inconsistency between the terms of this Option Agreement and those of the Plan, the terms of the Plan shall govern. The Participant has reviewed this Option Agreement and the Plan, has had an opportunity to obtain the advice of counsel prior to executing this Option Agreement.
11. This Option Agreement and the terms of the Plan incorporated herein (with the Exercise Notice, if the Option is exercised) constitutes the entire agreement of the Company and the Participant (collectively, the "**Parties**") with respect to the Options and supersedes in its entirety all prior undertakings and agreements of the Parties with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Parties. This Option Agreement and the terms of the Plan incorporated herein are to be construed in accordance with and governed by the laws of the Province of British Columbia. Should any provision of this Option Agreement or the Plan be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.
12. In accordance with Section 8.4(5) of the Plan, if the Options granted under this Agreement and the Shares issuable on exercise of such Options are not registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, the Options may not be exercised in the "United States" or by "U.S. Persons" (each as defined in Rule 902 of Regulation S under the U.S. Securities Act) unless an exemption from the registration requirements of the U.S. Securities Act is available. If the Participant is in the United States or a U.S. Person, all Shares issued to the Participant that have not been registered under the U.S. Securities Act will be deemed "restricted securities" (as defined in Rule 144(a)(3) of the U.S. Securities Act) and bear a restrictive legend to such effect.

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

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF the Company and the Participant have executed this Option Agreement as of _____, 20__.

CAPITAN SILVER CORP.

Per: _____
Authorized Signatory

[NAME OF PARTICIPANT]

Non-Qualified Securities

If required by Section 7 of this Agreement, please confirm the number of Options for "non-qualified securities": _____.

Note to Plan Participants

This Agreement must be signed where indicated and returned to the Company within 30 days of receipt. Failure to acknowledge acceptance of this grant will result in the cancellation of your Options.

EXHIBIT "B"

FORM OF OPTION EXERCISE NOTICE

TO: CAPITAN SILVER CORP.

13. This Exercise Notice is made in reference to stock options ("**Options**") granted under the Omnibus Incentive Plan (the "**Plan**") of Capitan Silver Corp. (the "**Company**").
14. The undersigned (the "**Participant**") holds options ("**Options**") under the Plan to purchase _____ Shares of the Company at a price per common share of \$ _____ (the "**Option Price**") pursuant to the terms and conditions set out in that certain option agreement between the Participant and the Company dated _____ (the "**Option Agreement**").
15. The Participant hereby:

<input type="checkbox"/>	<p>irrevocably gives notice of the exercise of _____ Options held by the Participant pursuant to the Option Agreement at the Option Price per common share for an aggregate exercise price of \$ _____ (the "Aggregate Option Price") on the terms specified in the Option Agreement and encloses herewith a certified cheque payable to the Company or evidence of wire transfer to the Company in full satisfaction of the Aggregate Option Price.</p> <p>The Participant acknowledges that, in addition to the Aggregate Option Price, the Company will require that the Participant also provide to the Company a certified cheque or evidence of wire transfer equal to the amount of any Tax Obligations (as defined in the Plan) associated with the exercise of such Options before the Company will issue any Shares to the Participant in settlement of the Options. The Company shall have the sole discretion to determine the amount of any such Tax Obligations and shall inform the Participant of this amount as soon as reasonably practicable upon receipt of this completed Exercise Notice.</p>
--------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

-or-

<input type="checkbox"/>	<p>irrevocably gives notice of the Participant's exercise of the Cashless Exercise Right (as defined in the Plan) with respect to _____ Options held by the Participant pursuant to the Option Agreement, and agrees to receive that number of common shares of the Corporation equal to the following (with the remaining Shares subject to the Options to be sold by the broker on its behalf as provided in the Plan):</p> $\frac{((A - B) \times C) - D}{A}$ <p>where A is the price per Share at which the underlying Shares are being sold by the brokerage firm, B is the Option Price, C is the number of Options being exercised in this Exercise Notice, and D is the amount of Tax Obligations (as defined in the Plan) applicable to the Options subject to exercise of the Cashless Exercise Right pursuant to this Exercise Notice.</p> <p>For greater certainty, where a Participant elects to exercise his/her Cashless Exercise Right, the amount of any Tax Obligation determined pursuant to the above formula will be deemed to have been directed by the Participant to be paid in cash by the broker on its behalf to the Corporation</p>
--------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	out of the proceeds of the Shares, which cash will be withheld by the Corporation and remitted to the applicable taxation authorities as may be required.
--	-----------------------------------------------------------------------------------------------------------------------------------------------------------

- or -

irrevocably gives notice of the Participant's exercise of the Net Exercise Right (as defined in the Plan) with respect to ___ Options held by the Participant pursuant to the Option Agreement, and agrees to receive that number of Shares of the Corporation equal to the following:

$$\frac{((A - B) \times C) - D}{A}$$

A

where A is the VWAP (as defined in the Plan) per Share on the date prior to the date of this Exercise Notice, B is the Option Price, C is the number of Options being exercised in this Exercise Notice, and D is the amount of Tax Obligations (as defined in the Plan) applicable to the Options terminated at the election of the Participant pursuant to this Exercise Notice.

For greater certainty, where a Participant elects to exercise his/her Net Exercise Right, the amount of any Tax Obligation determined pursuant to the above formula will be deemed to have been paid in cash by the Corporation to the Participant as partial consideration for the termination of the Options, which cash will be withheld by the Corporation and remitted to the applicable taxation authorities as may be required.

Registration:

The Shares issued pursuant to this Exercise Notice are to be registered in the name of the undersigned and are to be delivered, as directed below:

Name: _____

Address: _____

Date

[NAME OF PARTICIPANT]

Date

Signature of Participant or Authorized Signatory

EXHIBIT "C"

FORM OF RESTRICTED SHARE UNIT AGREEMENT

This restricted share unit agreement (this "**Agreement**") is entered into between Capitan Silver Corp. (the "**Company**") and the Person named below (the "**Participant**"), pursuant to the Company's Omnibus Incentive Plan (the "**Plan**"), a copy of which is attached hereto, and confirms that on:

- 16. _____ (the "**Grant Date**").
- 17. _____ (the "**Participant**").
- 18. was granted _____ Restricted Share Units ("**RSUs**"), in accordance with the terms of the Plan, which RSUs will vest as follows:

Number of RSUs	Time Vesting Conditions	Performance Vesting Conditions
_____	_____	_____
_____	_____	_____
_____	_____	_____

all on the terms and subject to the conditions set out in the Plan.

- 19. The relevant service year for the RSUs is [calendar year].
- 20. The Participant confirms that he/she **[is/is not]** a Canadian Participant.
- 21. The Participant confirms that he/she **[is/is not]** a U.S. Taxpayer.
- 22. **[The Participant is entitled to have Dividend Equivalents credited to his or her Account in respect of the RSUs granted herein, pursuant to Section 4.7 of the Plan.]**
- 23. Subject to the terms and conditions of the Plan, including provisions governing the vesting of Awards while the Company is in a Blackout Period, the performance period for any performance-based RSUs granted under this Agreement commences on the Grant Date and ends at the close of business on [●] (the "**Performance Period**"), while the restriction period for any time-based RSUs granted under this Agreement commences on the Grant Date and ends at the close of business on [●] (the "**Restriction Period**"). Subject to the terms and conditions of the Plan, RSUs will be redeemed and settled fifteen days after the applicable Vesting Date, all in accordance with the terms of the Plan.
- 24. By signing this Agreement, the Participant:
 - (a) acknowledges that the Participant has read and understands the Plan, and agrees with the terms and conditions of the Plan, which terms and conditions shall be deemed to be incorporated into and form part of this Agreement (subject to any specific variations contained in this Agreement);

- (b) acknowledges that, subject to the vesting and other conditions and provisions in this Agreement, each RSU shall entitle the Participant to receive, on settlement, an aggregate cash payment equal to Market Value of a Share or, at the election of the Company and in its sole discretion, one Share or any combination of cash and Shares. For greater certainty, the Participant has no right to demand to be paid in, or receive, Shares in respect of any RSU, and, notwithstanding any discretion exercised by the Company to settle any RSU, or portion thereof, in the form of Shares, the Company reserves the right to change such form of payment at any time until payment is actually made;
 - (c) acknowledges that the Participant is responsible for paying any applicable taxes and withholding taxes arising from the vesting and redemption of any RSU, as determined by the Company in its sole discretion;
 - (d) agrees that a RSU does not carry any voting rights;
 - (e) acknowledges that the value of the RSUs is denominated in Canadian dollars (C\$), and such value is not guaranteed; and
 - (f) recognizes that, in the sole discretion of the Company, the Plan can be administered by a designee of the Company by virtue of Section 2.2 of the Plan, and any communication from or to the designee shall be deemed to be from or to the Company.
25. The Participant acknowledges and agrees that the Participant: (i) fully understands and agrees to be bound by the terms and provisions of this Agreement and the Plan; (ii) has received a copy of the Plan, and the terms of the Plan form part of this Agreement, and (iii) accepts the RSUs subject to all of the terms and provisions of this Agreement and the Plan. If there is any inconsistency between the terms of this Agreement and those of the Plan, the terms of the Plan shall govern. The Participant has reviewed this Agreement and the Plan and has had an opportunity to obtain the advice of counsel prior to executing this Agreement.
26. This Agreement and the terms of the Plan constitute the entire agreement of the Company and the Participant (together, the "**Parties**") with respect to the RSUs, and supersede in their entirety, all prior undertakings and agreements of the Parties with respect to the subject matter of this Agreement, and may not be modified in a manner adverse to the Participant's interest except in writing by both Parties. This Agreement and the terms of the Plan are to be construed in accordance with, and governed by, the laws of the Province of British Columbia. Should any provision of this Agreement or the Plan be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law, and the other provisions shall remain effective and enforceable.
27. In accordance with Section 8.4(5) of the Plan, unless the Shares that may be issued upon the settlement of vested RSUs granted pursuant to this Agreement are registered under the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), and any applicable state securities laws, such Shares may not be issued in the "United States" or to "U.S. Persons" (each as defined in Rule 902 of Regulation S under the U.S. Securities Act) unless an exemption from the registration requirements of the U.S. Securities Act is available. Any Shares issued to a Participant in the United States or who is in the United States that have not been registered under the U.S. Securities Act will be deemed "restricted securities" (as defined in Rule 144(a)(3) of the U.S. Securities Act) and bear a restrictive legend to such effect.

All capitalized terms used but not otherwise defined in this Agreement shall have the meaning given in the Plan.

[Remainder of page left intentionally blank. Signature page follows.]

IN WITNESS WHEREOF the Company and the Participant have executed this RSU Agreement as of _____, 20__.

CAPITAN SILVER CORP.

Per: _____
Authorized Signatory

[NAME OF PARTICIPANT]

EXHIBIT "D"

FORM OF DEFERRED SHARE UNIT AGREEMENT

This Deferred Share Unit agreement (this "**Agreement**") is entered into between Capitan Silver Corp. (the "**Company**") and the Person named below (the "**Participant**"), pursuant to the Company's Omnibus Incentive Plan (the "**Plan**"), a copy of which is attached hereto, and confirms that on:

28. _____ (the "**Grant Date**").
29. _____ (the "**Participant**").
30. was granted _____ Deferred Share Units (each, a "**DSU**"), in accordance with the terms of the Plan.
31. The DSUs will be fully vested on the Termination Date (as defined in the Plan), subject to the requirements of Article 5.
32. The Participant confirms that he/she **[is/is not]** a Canadian Participant.
33. The Participant confirms that he/she **[is/is not]** a U.S. Taxpayer.
34. **[The Participant is entitled to have Dividend Equivalents credited to his or her Account in respect of the DSUs granted herein, pursuant to Section 5.7 of the Plan.]**
35. Subject to the terms of the Plan, the settlement of the DSUs, in cash (or, at the election of the Company, in Shares or a combination of cash and Shares), shall be payable to the Participant, net of any applicable withholding taxes in accordance with the Plan, not later than December 15 of the first calendar year commencing immediately after the Termination Date, provided that if the Participant is a U.S. Taxpayer, the settlement will be as soon as administratively feasible (but no later than 90 days) following the Participant's Separation from Service. If the Participant is both a U.S. Taxpayer and a Canadian Participant, the settlement of the DSUs will be subject to the provisions of Section 5.5(1) of the Plan.
36. By signing this Agreement, the Participant:
 - (a) acknowledges that the Participant has read and understands the Plan and agrees with the terms and conditions of the Plan, which terms and conditions shall be deemed to be incorporated into and form part of this Agreement (subject to any specific variations contained in this Agreement);
 - (b) acknowledges that the Participant is responsible for paying any applicable taxes and withholding taxes arising from the vesting and redemption of any DSU, as determined by the Company in its sole discretion;
 - (c) agrees that a DSU does not carry any voting rights;
 - (d) acknowledges that the value of the DSUs is denominated in Canadian dollars (C\$), and such value is not guaranteed; and

- (e) recognizes that, in the sole discretion of the Company, the Plan can be administered by a designee of the Company by virtue of Section 2.2 of the Plan, and any communication from or to the designee shall be deemed to be from or to the Company.
37. The Participant acknowledges and agrees that the Participant: (i) fully understands and agrees to be bound by the terms and provisions of this Agreement and the Plan; (ii) agrees and acknowledges that the Participant has received a copy of the Plan and that the terms of the Plan form part of this Agreement, and (iii) accepts the DSUs subject to all of the terms and provisions of this Agreement and the Plan. To the extent of any inconsistency between the terms of this Agreement and those of the Plan, the terms of the Plan shall govern. The Participant has reviewed this Agreement and the Plan and has had an opportunity to obtain the advice of counsel prior to executing this Agreement.
38. This Agreement and the terms of the Plan constitute the entire agreement of the Company and the Participant (together, the "**Parties**") with respect to the DSUs, and supersede in their entirety all prior undertakings and agreements of the Parties with respect to the subject matter of this Agreement, and may not be modified in a manner adverse to the Participant's interest except by mutual written consent of the Parties. This Agreement and the terms of the Plan are to be construed in accordance with, and governed by, the laws of the Province of British Columbia. Should any provision of this Agreement or the Plan be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law, and the other provisions shall remain effective and enforceable.
39. In accordance with Section 8.4(5) of the Plan, unless the Shares that may be issued upon the settlement of the DSU are registered under the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), and any applicable state securities laws, such Shares may not be issued in the "United States" or to "U.S. Persons" (each as defined in Rule 902 of Regulation S under the U.S. Securities Act) unless an exemption from the registration requirements of the U.S. Securities Act is available. Any Shares issued to a Participant who is in the United States or a U.S. Person that have not been registered under the U.S. Securities Act will be deemed "restricted securities" (as defined in Rule 144(a)(3) of the U.S. Securities Act) and bear a restrictive legend to such effect.

All capitalized terms used but not otherwise defined in this Agreement shall have the meaning given in the Plan.

[Remainder of page left intentionally blank. Signature page follows.]

IN WITNESS WHEREOF the Company and the Participant have executed this DSU Agreement as of _____, 20__.

CAPITAN SILVER CORP.

Per: _____
Authorized Signatory

[NAME OF PARTICIPANT]

Note to Plan Participants

This Agreement must be signed where indicated and returned to the Company within 30 days of receipt. Failure to acknowledge acceptance of this grant will result in the cancellation of your DSUs.

EXHIBIT "E"

FORM OF DSU ELECTION AND ACKNOWLEDGEMENT FORM

I hereby confirm that, as of the date written below, I am a member of the Board of Directors of **Capitan Silver Corp.** (the "**Company**"), and hereby elect that my DSU Eligible Retainer for the **[calendar year]/[quarter]** commencing on _____ be paid to me by way of grants of Deferred Share Units of the Company ("**DSUs**") under the Omnibus Incentive Plan of the Company (the "**Plan**");

PERCENT REMUNERATION IN DSUs
(denote a percentage between 0% and 100%)

- | | |
|--------------------------|-------|
| <input type="checkbox"/> | 0% |
| <input type="checkbox"/> | 25 % |
| <input type="checkbox"/> | 50 % |
| <input type="checkbox"/> | 75 % |
| <input type="checkbox"/> | 100 % |

I also confirm that:

40. I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.
41. I understand that I will not be able to cause the Company to redeem DSUs granted under the Plan until I am no longer a director of either the Company or an affiliate of the Company.
42. I recognize that when DSUs credited pursuant to the Plan are redeemed in accordance with the terms of the Plan after I am no longer a director of either the Company or an affiliate of the Company, income tax and other withholdings as required will arise at that time. Upon redemption of the DSUs, the Company will make all appropriate withholdings as required by law at that time or seek to collect such amounts from me for the purposes of remittance of such amounts to tax authorities.
43. I am responsible for paying any applicable taxes and withholding taxes arising from the grant, vesting, and/or redemption of any DSU.
44. The value of DSUs is not guaranteed.
45. This "*DSU Election and Acknowledgment Form*" is not being delivered during a Blackout Period.
46. This DSU Election and Acknowledgment Form is irrevocable in respect of the calendar year in which it is made.

The foregoing is only a brief outline of certain key provisions of the Plan. For more complete information, reference should be made to the Plan text which governs in the case of conflict or inconsistency with this "*DSU Election and Acknowledgment Form*". All capitalized expressions used herein shall have the same meaning as in the Plan unless otherwise defined herein

[Remainder of page left intentionally blank. Signature page follows.]

Date

[NAME OF DIRECTOR]

Signature of Director or Authorized Signatory