



ROYAL NICKEL CORPORATION

**NOTICE AND MANAGEMENT INFORMATION CIRCULAR
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 19, 2019**

MAY 15, 2019

ROYAL NICKEL CORPORATION
NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the “**Meeting**”) of shareholders of Royal Nickel Corporation (the “**Corporation**”) will be held at the offices of Bennett Jones LLP, One First Canadian Place, Suite 3400, Toronto, Ontario on June 19, 2019 at 10:00 a.m. (Toronto time), for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2018, together with the auditors’ report thereon;
2. to elect the directors of the Corporation;
3. to appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution substantially in the form of Resolution #1 that is included in Appendix B to the accompanying management information circular, to approve the Corporation’s Share Incentive Plan and the unallocated entitlements thereunder; and
5. to transact such other business as may properly come before the Meeting or any postponement or adjournment thereof.

The accompanying management information circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice. If you are not able to be present at the Meeting, please exercise your right to vote by signing and returning the enclosed form of proxy, if by mail or delivery, to Computershare Investor Services Inc. at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, Attention: Proxy Department, so as to arrive not later than 10:00 a.m. (Toronto time) on the second business day preceding the date of the Meeting or any postponement or adjournment thereof. The time limit for the deposit of proxies may be waived or extended by the chairman of the Meeting at his discretion, without notice. You may also vote by telephone or via the Internet by following the instructions on the form of proxy. If you vote by telephone or via the Internet, completion or return of the proxy form is not needed. If you execute the form of proxy you may still attend the Meeting. Only registered shareholders and duly appointed proxyholders may vote in person at the Meeting.

BY ORDER OF THE BOARD

(signed) Mark Selby

Toronto, Ontario
May 15, 2019

Mark Selby
President and Chief Executive Officer

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ROYAL NICKEL CORPORATION

MANAGEMENT INFORMATION CIRCULAR

GENERAL PROXY INFORMATION

Solicitation of Proxies

This management information circular (this “Circular”) is furnished in connection with the solicitation by management of Royal Nickel Corporation (“RNC” or the “Corporation”) of proxies to be used at the annual and special meeting (the “Meeting”) of the shareholders of the Corporation to be held at the offices of Bennett Jones LLP, One First Canadian Place, Suite 3400, Toronto, Ontario on June 19, 2019 at 10:00 a.m. (Toronto time), and at all postponements or adjournments thereof, for the purposes set forth in the notice of the Meeting that accompanies this Circular (the “Notice of Meeting”). It is expected that the solicitation will be made primarily by mail but proxies may also be solicited personally by directors, officers or regular employees of the Corporation. Such persons will not receive any extra compensation for such activities. The Corporation may also retain, and pay a fee to, one or more proxy solicitation firms to solicit proxies from the shareholders of the Corporation in favour of the matters set forth in the Notice of Meeting. The total cost of the solicitation will be borne directly by the Corporation.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation) other than the persons specified in such form of proxy to attend and act on behalf of such shareholder at the Meeting.** Such right may be exercised by striking out the names of the persons specified in the form of proxy, inserting the name of the person to be appointed in the blank space provided in the form of proxy, signing the form of proxy and returning it in the manner set forth in the form of proxy.

A shareholder who has given a proxy may revoke it (i) by depositing an instrument in writing, including another completed form of proxy, executed by such shareholder or shareholder’s attorney authorized in writing either at the registered office of the Corporation at any time up to and including the last business day preceding the date of the Meeting or any adjournment or postponement thereof, or with the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment or postponement thereof, or (ii) in any other manner permitted by law.

Exercise of Discretion

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions contained therein. If the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of such specifications, such shares will be voted FOR each of the matters referred to herein.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters, if any, which may properly come before the Meeting. At the date of the Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

However, if any other matters that are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxy.

The time limit for the deposit of proxies may be waived or extended by the chairman of the Meeting at his discretion, without notice.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many holders of common shares, as a substantial number of shareholders do not hold common shares in their own name. Shareholders who do not hold their common shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those common shares will not be registered in the shareholder’s name on the records of the Corporation. Such shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. More particularly, a person is a Beneficial Shareholder in respect of common shares which are held on behalf of that person but which are registered either: (a) in the name of an intermediary that the Beneficial Shareholder deals with in respect of the common shares (intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. (“**CDS**”)), of which the intermediary is a participant. In Canada, the vast majority of such shares are registered under the name of CDS, which acts as nominee for many Canadian brokerage firms. Common shares held by brokers or their nominees can only be voted upon the instructions of the Beneficial Shareholder. Without specific voting instructions, brokers and their nominees are prohibited from voting common shares held for Beneficial Shareholders. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person or that the common shares are duly registered in their name.**

Applicable Canadian securities regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting.

In Canada, the majority of brokers now delegate responsibility for obtaining voting instructions from Beneficial Shareholders to Broadridge Investor Communication Solutions (“**Broadridge**”). Broadridge typically supplies a voting instruction form (“**VIF**”) and asks Beneficial Shareholders to return the completed forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder receiving such a form from Broadridge cannot use that form to vote common shares directly at the Meeting. The form must be returned to Broadridge well in advance of the Meeting in order to have the common shares voted.**

In addition, the Corporation has decided to take advantage of certain provisions of applicable securities regulatory requirements that permit it to deliver meeting materials directly to non-objecting beneficial owners. These materials are being sent to both registered and non-registered owners of common shares. If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of common shares have been obtained in

accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. As a result, you can expect to receive a scannable **VIF** from the Corporation's transfer agent, Computershare Investor Services Inc. (the "**Transfer Agent**"). These VIFs are to be completed and returned to the Transfer Agent in the envelope provided. In addition, the Transfer Agent provides both telephone voting and Internet voting as described on the VIF. The Transfer Agent will tabulate the results of the VIFs received and will provide appropriate instructions at the Meeting with respect to the common shares represented by the VIFs they receive.

Record Date

The directors have fixed May 15, 2019, as the record date for the determination of shareholders entitled to receive notice of the Meeting. Only shareholders of record on such record date are entitled to vote at the Meeting.

Voting Securities and Principal Holders Thereof

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of special shares, issuable in series. As of the date of this Circular, there were 500,929,678 common shares and nil special shares of the Corporation issued and outstanding. Each holder of common shares as of the record date is entitled to one vote in respect of each common share held by such holder.

To the knowledge of the directors and executive officers of the Corporation, based on publicly available information as of the date of this Circular, no person beneficially owns, or controls or directs, directly or indirectly, common shares carrying 10% or more of the voting rights attached to common shares of the Corporation.

Interest of Certain Persons in Matters to be Acted Upon

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of common shares or otherwise, of any director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, of any proposed nominee for election as a director of the Corporation, or of any associate or affiliate of any such person, in any matter to be acted upon at the Meeting (other than the election of directors).

Information Incorporated by Reference

This Circular incorporates by reference information disclosed in the annual information form of the Corporation dated as of March 29, 2019 (the "**Annual Information Form**"), which is available on SEDAR (www.sedar.com) under RNC's issuer profile. Upon request, the Corporation will promptly provide a copy of the Annual Information Form free of charge to a shareholder of the Corporation.

All dollar amounts referred to in this Circular are in Canadian dollars unless otherwise stated.

BUSINESS OF THE MEETING

1. Election of Directors

Management Nominees

In accordance with the Articles of Incorporation and By-laws of the Corporation, the board of directors of the Corporation (the “**Board**”) must be comprised of a minimum of three (3) directors and a maximum of ten (10) directors. At the Meeting, it is proposed that the directors whose names are set forth below be elected to the Board. Each nominee for election as a director is currently a director of the Corporation.] All directors elected will hold office until the next annual and special meeting of shareholders of the Corporation or until their successors are elected or appointed.

On November 9, 2012, the Board approved in principle the adoption of a majority voting policy relating to the election of directors and, on March 26, 2013, the Board adopted a majority voting policy. The policy stipulates that, except in a contested meeting, if a director nominee receives a greater number of votes withheld for his or her election than votes for his or her election, the nominee will submit his or her resignation promptly after the Meeting. Absent exceptional circumstances, the Board will accept the resignation. The Board’s decision to accept or reject the resignation offer will be disclosed to the public. Subject to certain exceptions, the nominee will not participate in any committee or Board deliberations on the resignation offer. The Corporation is entitled to nominate only those candidates for election or re-election as directors who agree, prior to their nomination, to tender their resignations in accordance with the terms of the policy. Each of the proposed nominees listed in the table below has agreed to comply with the terms of the policy.

Unless the shareholder has specified in the enclosed form of proxy that the common shares represented by such proxy are to be withheld from voting for one or more nominees in the election of directors, the persons named in the enclosed form of proxy intend to vote FOR the election of each of the nominees whose names are set forth below.

The following table sets forth with respect to each of the persons proposed to be nominated for election as directors the: name; province/state and country of residence; the present principal occupation, business or employment; a brief biographical description; the date on which the person became a director of the Corporation; the person’s independence as a member of the Board; committee membership; attendance at meetings of the Board; the number of common shares of the Corporation beneficially owned, or controlled or directed, directly or indirectly; the number of stock options and other share-based awards held, all as at the date hereof.

Nominees for Election as Directors	Number of Common Shares ⁽¹⁾	Number of Options ⁽²⁾	Number of Awards ⁽²⁾
<p>PAUL HUET Executive Chairman Nevada, USA Director since November 19, 2018 Non-Independent</p> <p>Committee membership: Technical, Safety and Sustainability Committee Board meetings attended in 2018: 100% (1 of 1)</p>	22,885	889,000	405,785 RSUs
<p>SCOTT M. HAND Lead Director Massachusetts, USA Director since June 27, 2008 Independent</p> <p>Committee membership: Corporate Governance and Nominating Committee Board meetings attended in 2018: 100% (22 of 22)</p>	3,387,940	4,002,000	521,343 DSUs 78,000 SARs 1,517,980 RSUs
<p>PETER GOUDIE New South Wales, Australia Director since July 17, 2008 Independent</p> <p>Committee membership: Audit Committee; Human Resources and Compensation Committee; Technical, Safety and Sustainability Committee Board meetings attended in 2018: 100% (22 of 22)</p>	1,195,644	2,069,000	69,000 DSUs 52,000 SARs 579,786 RSUs

Nominees for Election as Directors	Number of Common Shares ⁽¹⁾	Number of Options ⁽²⁾	Number of Awards ⁽²⁾
<p>WENDY KEI Director since June 26, 2018 Independent Committee membership: Audit Committee; Human Resources and Compensation Committee; Corporate Governance and Nominating Committee; Board meetings attended in 2018: 100% (14 of 14)</p>	-	889,000	56,204 RSUs
<p>Ms. Wendy Kei currently serves on the boards of Ontario Power Generation Inc., where she is the Chair of the Compensation, Leadership and Nominating Committee, and Guyana Goldfields Inc. (TSX: GUY) where she is the Chair of the Audit Committee. Ms. Kei also serves on the Department of Audit Committee for Transport Canada.</p> <p>Ms. Kei is an accomplished Finance Executive with over 25 years of business experience in a variety of industries. She has spent the majority of her career working within the mining industry where she brings a strong focus on corporate governance, finance, risk management and significant expertise in executing complex mergers and acquisitions. Ms. Kei previously served as Chief Financial Officer of Dominion Diamond Corporation. Ms. Kei is a member of the Chartered Professional Accountants of Ontario, and holds a Bachelor of Mathematics from the University of Waterloo. Ms. Kei was selected as a Diversity 50 2016 Candidate by the Canadian Board Diversity Council. Ms. Kei has also completed the academic requirements of the Institute of Corporate Directors - Rotman Directors Education Program.</p>			
<p>FRANK MARZOLI Quebec, Canada Director since May 11, 2007 Independent Committee membership: Human Resources and Compensation Committee; Corporate Governance and Nominating Committee; Technical, Safety and Sustainability Committee Board meetings attended in 2018: 100% (22 of 22)</p>	3,644,551 ⁽³⁾	2,229,000	69,000 DSUs 52,000 SARs 438,632 RSUs
<p>Mr. Marzoli is the President, Chief Executive Officer and Chairman of Marbaw International Nickel Corporation, a position held since December 2006 and was a co-founder of Royal Nickel Corporation. He is also the President, Chief Executive Officer and sole director of Marzcorp Oil & Gas Inc. since July 2008. Marbaw held a 100% interest in the Marbaw Claims, which were sold to RNC in March 2007. In 1971, Mr. Marzoli joined the import business specializing in Asian countries. In 2004, Mr. Marzoli left the import business to pursue the resource sector full time.</p>			

Nominees for Election as Directors	Number of Common Shares ⁽¹⁾	Number of Options ⁽²⁾	Number of Awards ⁽²⁾
WARWICK MORELY-JEPSON Johannesburg, South Africa Director since February 25, 2019 Independent Committee membership: Audit Committee; Human Resources and Compensation Committee, Corporate Governance and Nominating Committee; and Technical, Safety and Sustainability Committee Board meetings attended in 2018: 100% (1 of 1)	-	889,000	-
Mr. Morley-Jepson previously served as Executive Vice President and Chief Operating Officer of Kinross Gold Corporation from October 2014 to December 2016, and as Senior Vice President, Operations, and Regional Vice President - Russia, between October 2009 and October 2014. Prior to joining Kinross, Mr. Morley-Jepson served as Chief Executive Officer of SUN Gold and was Managing Director of Barrick Africa, Barrick Platinum South Africa and three Russian-based companies in the Barrick group. He spent several years with Placer Dome leading their South African project and business development efforts. He currently consults to the gold mining industry and is Chairman of the Board of Wesdome Gold Mines Ltd.			

Notes:

- (1) The information as to the number of common shares beneficially owned, or controlled or directed, directly or indirectly, by the directors, including those which are not registered in their names and not being within the knowledge of the Corporation, has been furnished by such directors.
- (2) For additional information regarding options held by directors, please see “Statement of Executive Compensation – Director Compensation”.
- (3) Includes shares held through Marbaw International Nickel Corporation, of which Mr. Marzoli is President, CEO and Chairman.

Scott M. Hand was a director of Royal Coal Corp. during the period from August 2010 until May 2012. On May 3, 2012, a cease trade order was issued against Royal Coal Corp. by the Ontario Securities Commission for failure to file annual financial statements. On May 17, 2012, Royal Coal Corp. announced that it received notice from the TSX Venture Exchange that the TSX Venture Exchange had suspended trading in Royal Coal Corp.’s securities as a result of the cease trade order.

Shareholder Nominees

Pursuant to section 5.10 of the Corporation’s By-Law No. 2 (the “**Advance Notice By-Law**”), nominations by shareholders for the election of directors at the Meeting (other than nominations by shareholders pursuant to a shareholder proposal or a requisitioned meeting), are to be received by the Corporation by 5:00 p.m. (Toronto time) on May 19, 2019.

2. Appointment of Auditors

The auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Accountants, who were first appointed as auditors of the Corporation on May 25, 2009.

Unless the shareholder has specified in the enclosed form of proxy that the common shares represented by such proxy are to be withheld from voting in the appointment of auditors, the persons named in the enclosed form of proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP, as auditors of the Corporation to hold office until the next annual and special meeting of shareholders, and to authorize the directors to fix the remuneration of the auditors.

Disclosure of fees received by PricewaterhouseCoopers LLP and its affiliates from the Corporation for the financial years ended December 31, 2018, and December 31, 2017, is set out under the heading "Audit Committee Information – External Audit Fees" in the Corporation's Annual Information Form which is available on SEDAR (www.sedar.com) under RNC's issuer profile.

3. Share Incentive Plan – Approval of Unallocated Entitlements

Because the Share Incentive Plan of the Corporation (the "Share Incentive Plan") is an "evergreen" plan, the Corporation is required to obtain shareholder approval of unallocated entitlements thereunder every three years. On the May 13, 2019, the directors of the Corporation made certain amendments to the Share Incentive Plan. See "Share Incentive Plan-Amendments to Share Incentive Plan" below. A full text copy of the amended Share Incentive Plan, along with a comparative blackline showing the amendments to the plan, can be found below in Appendix C. As the three-year period prescribed by the TSX will expire on June 14, 2019, an ordinary resolution substantially in the form of Resolution #1 set out in Appendix B (the "**Share Incentive Plan Resolution**") will be placed before shareholders at the Meeting to approve the Share Incentive Plan and unallocated entitlements under the Share Incentive Plan. This approval will be effective for three (3) years from the date of the Meeting. To be effective, the Share Incentive Plan Resolution must be approved by at least a majority of the votes cast at the Meeting. If Share Incentive Plan Resolution is not approved by shareholders, options and awards that have not been allocated as of June 14, 2019 and options and awards that are outstanding as of June 14, 2019 but are subsequently cancelled, terminated or exercised will not be available for new grants. However, previously allocated options and awards will continue to be unaffected by the approval or disapproval of Share Incentive Plan Resolution. Moreover, the Corporation will not be prohibited from granting incentives based on the performance of the Corporation's common shares, so long as such incentives are settled in cash only.

The Board recommends to shareholders of the Corporation that they vote FOR the Share Incentive Plan Resolution.

Unless the shareholder has specified in the enclosed form of proxy that the common shares represented by such proxy are to be voted against Share Incentive Plan Resolution, the persons named in the enclosed form of proxy intend to vote FOR the Share Incentive Plan Resolution.

STATEMENT OF EXECUTIVE COMPENSATION

1. Compensation Discussion and Analysis

Background

This Compensation Discussion and Analysis provides information regarding all significant elements of compensation paid, payable, granted, given or otherwise provided by the Corporation to the following individuals (collectively, the “**Named Executive Officers**” or “**NEOs**”):

- (i) Mark Selby, President and Chief Executive Officer;
- (ii) Timothy Hollaar, Chief Financial Officer;
- (iii) John Leddy, Vice President, Business Development and General Counsel;
- (iv) Johnna Muinonen, Vice President, Nickel; and
- (v) Alger St-Jean, Vice President, Exploration.

Role of Human Resources and Compensation Committee

The compensation program of the Corporation is administered by the Board with the assistance of the Human Resources and Compensation Committee (“**Human Resources and Compensation Committee**”). The Human Resources and Compensation Committee currently consists of four directors, being Mr. Peter Goudie, as chairman, Mr. Morley-Jepson, Ms. Kei and Mr. Marzoli. All members of the Human Resources and Compensation Committee are independent directors of the Corporation. The Board, with the assistance of the Human Resources and Compensation Committee, reviews and makes decisions in respect of compensation matters relating to senior executives and directors of the Corporation, ensuring consistent application of matters relating to remuneration, competitive remuneration and policies to attract and retain talent and ensuring that executive remuneration is consistent with industry standards.

The responsibilities of the Human Resources and Compensation Committee include assisting the Board with respect to, among other things: (a) developing a compensation philosophy and policies; (b) reviewing and approving goals and objectives relevant to the Chief Executive Officer’s compensation, evaluating the performance of the Chief Executive Officer in light of those goals and objectives and making recommendations to the Board for the Chief Executive Officer’s compensation based on the evaluation; (c) reviewing and making certain determinations with respect to the compensation of senior executives other than the Chief Executive Officer; (d) making recommendations to the Board with respect to the form of compensation of the directors; and (e) reviewing executive compensation disclosure.

In addition to the Human Resources and Compensation Committee members’ general business experience, the following direct experience (and the skills gained from this experience) is also relevant to their responsibilities to make decisions on the suitability of the Corporation’s compensation policies and practices.

- *Mr. Goudie.* Mr. Goudie has held a number of management positions throughout his career, certain responsibilities of which involved compensation matters.

- *Ms. Kei.* Ms. Kei’s extensive finance, leadership and corporate governance experience within the resource and energy sectors allow her to provide the Human Resources and Compensation Committee with expertise in compensation.
- *Mr. Marzoli.* Mr. Marzoli has held a number of management positions in the mining industry throughout his career, and among other roles has served on multiple compensation committees.
- *Mr. Morley-Jepson.* Mr. Morley-Jepson has held a number of management positions throughout his career, certain responsibilities of which involved compensation matters.

The Human Resources and Compensation Committee and Board recognize that RNC's NEOs are critical to achieving the vision and mission of the Corporation, and that compensation plays an important role in achieving both short-term and long-term objectives that ultimately drive success. The Human Resources and Compensation Committee, on behalf of the Corporation, has engaged The Human Well (the “**Compensation Consultant**”), an independent consulting firm with extensive experience in the mining sector, to advise and assist the Corporation in the development of compensation policies and benchmark executive and directors’ remuneration. This includes working with the Human Resources and Compensation Committee and Board to identify an appropriate peer group to be used for bi-annual executive compensation benchmarking.

The Human Resources and Compensation Committee considers the results of benchmarking exercises and makes related NEO and Director compensation recommendations to the Board. The Human Resources and Compensation Committee has in 2019 engaged the Compensation Consultant to perform a benchmarking study in 2019 and recommend updates to the peer group for application to compensation planning for 2020.

The table below sets forth the consideration paid to the Compensation Consultant during the two most recently completed financial years.

Fees of Compensation Consultants and Advisors	Year ended Dec 31, 2018	Year ended Dec 31, 2017
Executive Compensation-Related Fees	23,510	28,830
All Other Fees	Nil	Nil

Working with the Compensation Consultant, the Human Resources and Compensation Committee develops compensation policies, which are reviewed and approved by the Board, to guide compensation decisions made by the Human Resources and Compensation Committee and Board. The Company's policies reflect the Board's philosophy regarding executive compensation:

- competitive level - sufficient to attract, retain and motivate high-performing senior executives with the skills necessary to achieve the Corporation’s strategy;
- aligned directly to the successful achievement of the goals of the Corporation with personal performance objectives that cascade from the approved strategy;

- motivate execution of goals and objectives in a manner that is consistent with the Corporation's vision, mission and values; and
- align the interests of senior executives with those of the Corporation's shareholders.

Significant Commitments made by Senior Management and Directors

The Human Resources and Compensation Committee acknowledges the significant commitments made by senior management and the Board with respect to their compensation by agreeing to, and in some cases offering to, take various measures to improve the cash flow position of the Corporation, allowing it greater flexibility to manage its affairs. These measures have in the past included agreements to take shares, DSUs or RSUs in lieu of cash salary and directors fees.

Benchmarking

The Corporation's compensation program is benchmarked to a peer group of mining companies primarily in North America with market capitalizations ranging from \$22 million to \$189 million, with an average market capitalization of \$92 million (the Corporation's market capitalization at that time the peer group was developed was \$60 million), developed by the Board in conjunction with the Compensation Consultant. The companies include Gold Group Mining, Orosur Mining, Orvana Minerals, Metanor Resources, Aura Minerals, Atico Mining, Noront Resources, Dynacor Gold, Marlin Gold Mining, Copper Mountain, Jaguar Mining Inc., Red Eagle Mining and Alio Gold. The policy of the Corporation is to set compensation targets at the 50th percentile of the comparator group for base pay and the 75th percentile for pay at risk (e.g. STI and LTI) resulting in Total Compensation targets for requisite performance falling between the 50th and 75th percentile. The Compensation Consultant has noted that base salary for most NEOs falls below the 50th percentile.

As noted above, The Human Resources and Compensation Committee has in 2019 engaged the Compensation Consultant to perform a benchmarking study in 2019 and recommend updates to the peer group (that are more reflective of the Corporation's current market capitalization and complexity).

Elements of Compensation

Compensation paid to the NEOs for the financial year ended December 31, 2018 comprised the following components:

Base Salary

Base salary is designed to remunerate the NEOs for discharging their duties and responsibilities and therefore takes into account the position and responsibilities of the NEO, previous experience, prior performance and anticipated contribution.

Short-term Incentive Compensation

In addition to base salary, the NEOs are eligible to receive an annual bonus based on the achievement of annual performance objectives. In the case of the Chief Executive Officer, the annual objectives are established by the Human Resources and Compensation Committee based on the Corporation's strategy and key milestones with input from the Executive Chairman of the Board. For the other NEOs, the performance objectives cascade from the Chief Executive Officer's objectives and the Corporation's strategy and key milestones and reflect the individual's position and responsibilities. These objectives are

reviewed by the Chief Executive Officer with the Human Resources and Compensation Committee. The target bonus for each NEO is expressed as a percentage of base salary.

For 2018, the key overall corporate objectives established for the Chief Executive Officer and the other NEOs focused on (i) the performance of the Corporation's share price relative to peers, (ii) the positioning of Dumont to allow for a construction decision by year-end 2018 if market conditions permit, (iii) with respect to the Beta Hunt Mine, successfully concluding a sale of the operations and achieving cash flow targets prior to such sale, (iv) successfully executing on the Orford Mining Corporation business plan, and (v) promoting employee health and safety in all operations.

For 2018, the Human Resources and Compensation Committee reviewed the performance of the Chief Executive Officer, with input from the Executive Chairman of the Board, and the performance of the other NEOs, with input from the Chief Executive Officer, based on deliverables against objectives. The Human Resources and Compensation Committee and Board considered all these factors as well as the financial position of the Corporation and the need to retain the key talent in the organization when awarding annual bonuses. See footnote (1) to "Named Executive Officer's Summary Compensation Table" below.

Long-term Incentive Compensation

Long-term incentives are intended to align the interests of NEOs with the interests of shareholders by motivating NEOs to increase shareholder value over the long-term. Targets for long-term incentives are benchmarked to the market for competitiveness, consider the value of the NEO's contribution to the long-term success of the Corporation and the percentage of compensation that the Human Resources and Compensation Committee determines should be at risk. Long-term incentive compensation may take the form of Options, DSUs, RSUs, SARs and other share-based awards under the Share Incentive Plan.

For additional information regarding Options and Awards, please see "Incentive Plan Awards – Share Incentive Plan".

Other Forms of Compensation

In 2018 the Board approved the recommendation of the Human Resources and Compensation Committee to award NEOs a special one-time discovery bonus in respect of Father's Day Vein discovery at Beta Hunt as special recognition of the groups contribution and efforts in bring this to fruition. See footnote (4) to "Named Executive Officer's Summary Compensation Table" below.

Perquisites and Benefits. The Corporation also provides basic perquisites and benefits to its NEOs. All of the NEOs have termination and change of control provisions in their employment agreements. The Corporation does not provide for any pension plan.

Risks Associated with the Corporation's Compensation Policies and Practices

The Human Resources and Compensation Committee manages the Corporation's compensation policies and practices and provides ongoing oversight to ensure that senior executives consider the risks associated with their decisions and actions. The Human Resources and Compensation Committee is confident that these policies and practices, along with its oversight, ensure that NEO incentives do not motivate the taking of inappropriate or excessive risk. Policy features include:

- quantitative and qualitative metrics are used to determine the amount of awards to NEOs pursuant to the Corporation's Incentive Plans;

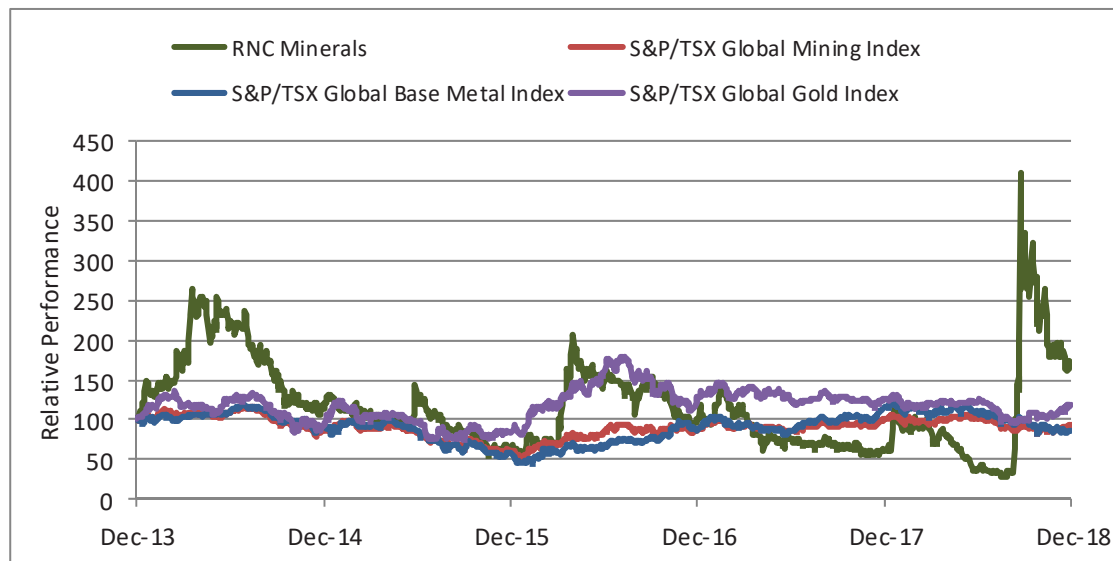
- a significant level of STI reinvestment in RSUs;
- quantitative and qualitative metrics are used to determine the amount of awards to NEOs pursuant to the Corporation's Incentive Plans;
- a comprehensive Code of Conduct and a Whistleblower policy that encourages reporting of imprudent corporate behaviour; and
- the Human Resources and Compensation Committee is comprised entirely of independent directors.

NEO Purchases of Financial Instruments

Pursuant to the terms of the Corporation's insider trading policy, personnel, including NEOs and directors, are prohibited from selling securities of the Corporation short or buying or selling call or put options or other derivatives in respect of the Corporation's securities. Personnel are also prohibited from entering into other transactions that have the effect of hedging the economic value of any direct or indirect interests of such personnel in the equity of the Corporation.

2. Performance Graph

The following graph compares the total cumulative shareholder return for \$100 invested in common shares of the Corporation with the total cumulative return of the S&P/TSX Global Base Metals Index since December 31, 2013:



	31-Dec-2013	31-Dec-2014	31-Dec-2015	31-Dec-2016	31-Dec-2017	31-Dec-2018
Common Shares of RNC on the TSX	\$100	\$114	\$64	\$100	\$64	\$171
S&P/TSX Global Base Metal Index	\$100	\$90	\$57	\$87	\$113	\$87
S&P/TSX Global Mining Index	\$100	\$85	\$61	\$87	\$99	\$93
S&P/TSX Global Gold Index	\$100	\$93	\$83	\$124	\$125	\$119

The S&P/TSX Global Base Metals Index is a benchmark of securities involved in the production or extraction of base metals, and a subset of the S&P/TSX Global Mining Index. The S&P/TSX Global Mining Index is an investable index that provides investors with a broadly representative benchmark for global mining portfolios. The S&P/TSX Global Gold Index is both broadly representative and an investable index. As such, it is difficult to directly compare the Corporation's NEO compensation with the trends reflected in the graph above as the Corporation is still in the development stage and seeking to raise capital in a difficult market (while many other members of this index are in production, diversified, dividend-paying and have much larger market capitalizations).

The Corporation is of the view that compensation levels for the NEOs cannot and should not be directly compared to quarter over quarter or year over year relative share price performance. Global commodity prices, particularly the price of nickel, and general market conditions are significant factors affecting the Corporation's stock price and these are beyond the control of the Corporation's officers.

The Corporation's executive compensation package is designed to attract, retain and motivate high-performing senior executives with the skills and experience necessary to achieve the Corporation's strategy and grow the business through both adverse and favourable economic cycles. A significant

portion of NEO compensation is based on long-term incentives with the ultimate value received tied directly to the Corporation’s share price performance.

3. Named Executive Officers’ Summary Compensation Table

The Corporation became a reporting issuer on December 10, 2010. The following table (presented in accordance with *Form 51-102F6 – Statement of Executive Compensation* (“**Form 51-102F6**”) under *National Instrument 51-102 – Continuous Disclosure Obligations* (“**NI 51-102**”)) sets forth all direct and indirect compensation for, or in connection with, services provided to the Corporation for the financial years ended December 31, 2018, 2017, and 2016 in respect of the Chief Executive Officer, the Chief Financial Officer and three executive officers of the Corporation (the NEOs).

Name and principal position of NEO ⁽⁸⁾	Year	Salary (\$)	Share-based awards (\$) ⁽¹⁾⁽²⁾	Option-based awards (\$) ⁽³⁾	Non-equity incentive plan compensation		All other compensation (\$) ⁽⁴⁾	Total compensation (\$)
					Annual incentive plans (\$) ⁽¹⁾	Long-term incentive plans (\$)		
Mark Selby President and Chief Executive Officer	2018	350,000	93,288	130,549	78,750	-	87,500	740,087
	2017	350,000	87,500	-	-	-	-	437,500
	2016	350,000	259,139	284,220	-	-	-	893,359
Timothy Hollaar Chief Financial Officer and Corporate Secretary	2018	230,000	36,964	61,806	23,625	-	52,500	404,895
	2017	210,000	40,425	-	-	-	-	250,425
	2016	210,000	73,500	106,583	-	-	-	390,083
John Leddy Vice President, Business Development and General Counsel ⁽⁵⁾	2018	288,000	18,293	58,274	97,200	-	72,000	533,767
	2017	262,771	77,040	-	-	-	-	339,811
	2016	-	-	-	-	-	-	-
Johnna Muinonen, Vice President, Nickel	2018	230,000	36,964	75,681	23,625	-	40,000	406,270
	2017	210,000	40,426	-	-	-	-	250,426
	2016	210,000	77,888	106,583	-	-	-	394,471
Alger St-Jean Vice President, Exploration	2018	230,000	36,964	47,805	23,625	-	40,000	378,394
	2017	210,000	56,174	-	-	-	-	266,174
	2016	210,000	77,888	106,583	-	-	-	394,471

Notes:

- (1) Each NEO was awarded an annual bonus for 2018 of 45% (the ‘**Bonus Factor**’) of his or her target. Applied to each NEO:

Mr. Selby, whose 2018 bonus was calculated as 100% multiplied by the Bonus Factor multiplied by his salary (\$350,000), was awarded a bonus of \$157,000 in respect of 2018. \$78,750 of which (50%) was satisfied with a “Share-based award” (RSUs) issued under the Corporation’s Share Incentive Plan, and \$78,750 of which (50%) was satisfied in cash (as listed under “Non-equity incentive plan compensation - Annual Incentive Plans”). Mr. Selby’s remaining \$14,538 of “Share-based awards” for 2018 were granted to satisfy his entitlement to receive a 20% increase for share-based awards (RSUs) granted in past years provided he continues to hold the award for two years.

Mr. Hollaar, whose 2018 bonus was calculated as 50% multiplied by the Bonus Factor multiplied by his salary (\$210,000) (Mr. Hollaar’s bonus was calculated based on his salary prior to a \$20,000 raise to \$230,000), was awarded a bonus of \$47,250 in respect of 2018. \$23,625 of which (50%) was satisfied with a “Share-based award” (RSUs) issued under the Corporation’s Share Incentive Plan and \$23,625 of which (50%) was satisfied in cash (as listed under “Non-equity incentive plan compensation - Annual Incentive Plans”). Mr. Hollaar’s remaining \$13,339 of “Share-based awards” for 2018 were granted to satisfy his entitlement to receive a 20% increase for share-based awards (RSUs) granted in past years provided he continues to hold the award for two years.

Mr. Leddy, whose 2018 bonus was calculated as 75% multiplied by the Bonus Factor multiplied by his salary (\$288,000), was awarded a bonus of \$97,200 in respect of 2018, all of which was satisfied in cash (as listed under “Non-equity incentive plan compensation - Annual Incentive Plans”). Mr. Leddy’s \$18,293 of “Share-based awards” for 2018 were granted to satisfy his entitlement to receive a 20% increase for share-based awards (RSUs) granted in past years provided he continues to hold the award for two years.

Ms. Muinonen, whose 2018 bonus was calculated as 50% multiplied by the Bonus Factor multiplied by her salary (\$210,000) (Ms. Muinonen’s bonus was calculated based on her salary prior to a \$20,000 raise to \$230,000), was awarded a bonus of \$47,250 in respect of 2018. \$23,625 of which (50%) was satisfied with a “Share-based award” (RSUs) issued under the Corporation’s Share Incentive Plan and \$23,625 of which (50%) was satisfied in cash (as listed under “Non-equity incentive plan compensation - Annual Incentive Plans”). Ms. Muinonen’s remaining \$13,339 of “Share-based awards” for 2018 were granted to satisfy her entitlement to receive a 20% increase for share-based awards (RSUs) granted in past years provided he continues to hold the award for two years.

Mr. St-Jean, whose 2018 bonus was calculated as 50% multiplied by the Bonus Factor multiplied by his salary (\$210,000) (Mr. St-Jean’s bonus was calculated based on his salary prior to \$20,000 raise to \$230,000), was awarded a bonus of \$47,250 in respect of 2018. \$23,625 of which (50%) was satisfied with a “Share-based award” (RSUs) issued under the Corporation’s Share Incentive Plan and \$23,625 of which (50%) was satisfied in cash (as listed under “Non-equity incentive plan compensation - Annual Incentive Plans”). Mr. St-Jean’s remaining \$13,339 of “Share-based awards” for 2018 were granted to satisfy his entitlement to receive a 20% increase for share-based awards (RSUs) granted in past years provided he continues to hold the award for two years.

- (2) Share-based awards in 2016 awards were higher than the prior year (i) to compensate for lower than target awards made in prior years due to grant restrictions applicable under the Corporation’s Share Incentive Plan, and (ii) to retain key personnel at a critical stage of the Corporation’s development. In 2017, the Corporation changed the timing of annual option-based awards from December to February, so there were no awards in 2017.
- (3) This column represents options granted under the Share Incentive Plan. The fair value of option-based awards was determined using the Black-Scholes pricing model. The Black-Scholes award valuation is determined using the exercise price or base price expected life of the award, expected volatility of the common share price, expected dividend yield and risk-free interest rate. The Corporation assigns an exercise or base price equivalent to the value of one common share on the TSX on the date immediately preceding the date of the grant. In 2017, the Corporation changed the timing of annual option-based awards from December to February, so there were no awards in 2017.
- (4) This column lists the special one-time discovery bonus granted to each NEO in respect of the 2018 Father’s Day Vein discovery at Beta Hunt in 2018.
- (5) Mr. Leddy was appointed Vice-President, Business Development & General Counsel of the Corporation as of February 2, 2017. He was not an NEO in 2016.

Discussion of Summary Compensation Table

Additional factors necessary to understand the information disclosed in the Summary Compensation Table above include the terms of each NEO's employment agreement.

Mark Selby

Mr. Selby was appointed President and Chief Executive Officer of the Corporation on February 11, 2014. Mr. Selby's amended and restated employment agreement dated February 11, 2014 provides for a base salary of \$350,000 and is to be reviewed by the Human Resources and Compensation Committee from time to time. Mr. Selby did not receive an increase in base salary for the year ended December 31, 2018. Mr. Selby's employment agreement also provides for the payment of an annual bonus with a target amount equal to 100% of the then current annual base salary. The annual bonus is based on a recommendation of the Human Resources and Compensation Committee and is at the discretion of the Board, taking into account annual corporate and/or personal objectives and goals. Mr. Selby's employment agreement provides that he has the right to receive up to 50% of any annual bonus entitlement in the form of a share-based award under the Share Incentive Plan such as RSUs and that in the event that he holds the award for two years, he receives a 20% increase in the number of units. Mr. Selby is also entitled to participate in the Corporation's long-term incentive program, with grants made based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Board. See also "Termination and Change of Control Benefits" below.

Timothy Hollaar

Mr. Hollaar became Chief Financial Officer effective January 1, 2015. Mr. Hollaar's employment agreement provided for employment for an indefinite term. His base salary was \$230,000 for the year ended December 31, 2018, and is reviewed by the Human Resources and Compensation Committee from time to time. Mr. Hollaar received a \$20,000 increase to his base salary for the year ended December 31, 2018. Mr. Hollaar's employment agreement also provided for the payment of an annual bonus with a target amount equal to 50% of the then current annual base salary. The annual bonus was based on a recommendation of the Human Resources and Compensation Committee and at the discretion of the Board, taking into account annual corporate and/or personal objectives and goals. Mr. Hollaar's employment agreement also provided that he had the right to receive up to 50% of any annual bonus entitlement in the form of a share-based award under the Share Incentive Plan such as RSUs and that in the event that he holds the award for two years, he would receive a 20% increase in the number of units. Mr. Hollaar is also entitled to participate in the Corporation's long-term incentive program, with grants made based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Board.

John Leddy

Mr. Leddy became Vice President, Business Development and General Counsel of the Corporation effective February 2, 2017. Mr. Leddy's employment agreement provides for employment for an indefinite term. His base salary was \$288,000 for the year ended December 31, 2018, and is reviewed by the Human Resources and Compensation Committee from time to time. Mr. Leddy did not receive an increase in base salary in 2018. Mr. Leddy's employment agreement also provides for the payment of an annual bonus with a target amount equal to 50% of the then current annual base salary. The annual bonus was based on a recommendation of the Human Resources and Compensation Committee and at the discretion of the Board, taking into account annual corporate and/or personal objectives and goals. Mr. Leddy is also entitled to participate in the Corporation's long-term incentive program, with grants made

based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Board.

Johnna Muinonen

Ms. Muinonen became Vice President, Metallurgy effective August 9, 2010 and currently serves as Vice President, Nickel. Ms. Muinonen's employment agreement provides for employment for an indefinite term. Her base salary was \$230,000 for the year ended December 31, 2018 and is reviewed by the Human Resources and Compensation Committee from time to time. Ms. Muinonen received a \$20,000 increase to his base salary for the year ended December 31, 2018. Ms. Muinonen's employment agreement as amended on March 15, 2012, also provides for the payment of an annual bonus with a target amount equal to 50% of the then current annual base salary. The annual bonus is based on a recommendation of the Human Resources and Compensation Committee and is at the discretion of the Board, taking into account annual corporate and/or personal objectives and goals. Ms. Muinonen's employment agreement provides that she has the right to receive up to 50% of any annual bonus entitlement in the form of a share-based award under the Share Incentive Plan such as RSUs and that in the event that she holds the award for two years, she receives a 20% increase in the number of units. Ms. Muinonen is also entitled to participate in the Corporation's long-term incentive program, with grants made based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Board. See also "Termination and Change of Control Benefits" below.

Alger St-Jean

Mr. St-Jean became Vice President, Exploration effective April 30, 2007. Mr. St-Jean's employment agreement provides for employment for an indefinite term His base salary was \$230,000 for the year ended December 31, 2018, and is reviewed by the Human Resources and Compensation Committee from time to time. Mr. St-Jean received a \$20,000 increase to his base salary for the year ended December 31, 2018. Mr. St-Jean's employment agreement as amended on March 15, 2012, also provides for the payment of an annual bonus with a target amount equal to 50% of the then current base salary. The annual bonus is based on a recommendation of the Human Resources and Compensation Committee and is at the discretion of the Board, taking into account annual corporate and/or personal objectives and goals. Subsequent to the entering into of the employment agreement with Mr. St-Jean, Mr. St-Jean was given the right to receive up to 50% of any annual bonus entitlement in the form of a share-based award under the Share Incentive Plan such as RSUs and that in the event that he holds the award for two years, he receives a 20% increase in the number of units. Mr. St-Jean is also entitled to participate in the Corporation's long-term incentive program, with grants made based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Board. See also "Termination and Change of Control Benefits" below.

4. Incentive Plan Awards

Share-Based Awards and Option-Based Awards as at December 31, 2018

The following table (presented in accordance with Form 51-102F6) sets forth for each NEO all awards outstanding at the end of the most recently completed financial year ended December 31, 2018, including awards granted before the most recently completed financial year that remained outstanding on December 31, 2018.

Name of NEO	Option-based Awards Vested and Unvested				Share-based Awards		
	Number of securities underlying unexercised award (#) ⁽¹⁾	Award exercise or base price (\$)	Award expiration date ⁽²⁾	Value of unexercised in-the-money awards (\$) ⁽³⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽⁴⁾
Mark Selby	<u>Options</u>						
	150,000	0.27	05-Feb-2019	31,500	-	-	\$1,472,352
	600,000	0.65	3-May-2019	-			
	250,000	0.34	12-Dec-2019	36,250			
	25,000	0.18	11-Dec-2020	7,625			
	80,000	0.56	16-Dec-2021	-			
	2,000,000	0.27	21-Dec-2021	420,000			
	85,000	0.40	14-Dec-2022	6,800			
1,035,000	0.24	06-Feb-2023	253,575				
Timothy Hollaar	<u>SARs</u>						
	150,000	0.27	28-Jan-2019	31,500			
	<u>Options</u>						
	525,000	0.35	12-Jan-2020	68,250	-	-	\$385,937
John Leddy	150,000	0.18	11-Dec-2020	45,750			
	750,000	0.27	21-Dec-2021	157,500			
	490,000	0.24	06-Feb-2023	120,050			
	<u>Options</u>						
	200,000	0.35	12-Jan-2020	26,000	-	-	\$346,884
Johnna Muinonen	200,000	0.23	30-Sep-2020	50,000			
	150,000	0.18	11-Dec-2020	45,750			
	750,000	0.27	21-Dec-2021	157,500			
	462,000	0.24	06-Feb-2023	113,190			
	<u>Options</u>						
	112,500	0.27	05-Feb-2019	23,625	-	-	\$527,788
	300,000	0.65	3-May-2019	-			
	250,000	0.34	12-Dec-2019	36,250			
	195,000	0.18	11-Dec-2020	59,475			
	50,000	0.56	16-Dec-2021	-			
750,000	0.27	21-Dec-2021	157,500				
55,000	0.40	14-Dec-2022	4,400				
600,000	0.24	06-Feb-2023	147,000				
<u>SARs</u>							
97,500	0.27	28-Jan-2019	20,475				

Name of NEO	Option-based Awards Vested and Unvested				Share-based Awards		
	Number of securities underlying unexercised award (#) ⁽¹⁾	Award exercise or base price (\$)	Award expiration date ⁽²⁾	Value of unexercised in-the-money awards (\$) ⁽³⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽⁴⁾
Alger St-Jean	<u>Options</u>						
	112,500	0.27	05-Feb-2019	23,625	-	-	\$461,925
	300,000	0.65	3-May-2019	-			
	250,000	0.34	12-Dec-2019	36,250			
	225,000	0.18	11-Dec-2020	68,625			
	50,000	0.56	16-Dec-2021	-			
	750,000	0.27	21-Dec-2021	157,500			
	55,000	0.40	14-Dec-2022	4,400			
	379,000	0.24	06-Feb-2023	92,855			
	<u>SARs</u>						
97,500	0,27	28-Jan-2019	20,475				

Notes:

- (1) This represents options and stand-alone cash-settled SARs granted under the Share Incentive Plan. The terms of the SARs are summarized under Named Executive Officers' Summary Compensation Table.
- (2) All vested SARs must be redeemed on or before the expiration date specified.
- (3) The value of unexercised option-based awards was calculated using the closing price of common shares on the TSX on December 31, 2018 of \$0.48 less the exercise or base price of the award.
- (4) The market or payout value was calculated using the closing price of common shares on the TSX on December 31, 2018 of \$0.48.

Incentive Plan Awards – Value Vested or Earned During The Year

The following table (presented in accordance with Form 51-102F6) sets forth details of the value vested or earned during the most recently completed financial year ended December 31, 2018 for each incentive plan award.

Name of NEO	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation – Value earned during the year (\$) ⁽³⁾
Mark Selby	123,450	93,288	78,750
Timothy Hollaar	46,633	36,964	23,625
John Leddy	1,540	18,293	97,200
Johnna Muinonen	47,000	36,964	23,625
Alger St-Jean	46,263	36,964	23,625

Notes:

- (1) Represents the aggregate dollar value that would have been realized if the options or SARs that vested during the year had been exercised or redeemed, as applicable, on the vesting date.
- (2) This represents RSUs granted under the Share Incentive Plan. Represents the aggregate dollar value that would have been realized if the RSUs that vested during the year had been redeemed on the vesting date.
- (3) Represents the annual incentive plan cash bonuses paid to the NEOs in respect of 2018.

Share Incentive Plan

The Share Incentive Plan provides for the granting of equity-based compensation securities, including options and awards for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of senior executives, directors, employees (including prospective employees) and consultants of the Corporation and to secure for the Corporation and the shareholders of the Corporation the benefits inherent in the holding of options and awards that are tied to the long term performance of common shares by senior executives, directors, employees and consultants of the Corporation.

The Share Incentive Plan provides for the issuance of stock options (“**Options**”) and other equity-based awards (“**Awards**”) including share appreciation rights (“**SARs**”), restricted shares, restricted share units (“**RSUs**”), deferred share units (“**DSUs**”), performance shares and performance share units.

The material provisions of the Share Incentive Plan are as follows:

- *Eligible Participants.* Employees, directors and officers of the Corporation and its subsidiaries, as well as consultants (as defined in National Instrument 45-106) (the “**Participants**”), are eligible to participate in the Share Incentive Plan.
- *Common Shares Subject to the Share Incentive Plan.* The Share Incentive Plan provides that the maximum number of common shares issuable upon the exercise of Options and made available as Awards, in aggregate, shall not exceed 15% of the issued and outstanding common shares from time to time. As a result, should the Corporation issue additional common shares in the future, the number of common shares issuable under the Share Incentive Plan will increase accordingly. The Share Incentive Plan is considered an “evergreen” plan, since the common shares covered by Options and Awards that have been exercised or redeemed, as the case may be, shall be available for subsequent grants under the Share Incentive Plan. As of the date hereof, up to 48,780,292 common shares (representing approximately 9.7% of the issued and outstanding common shares of the Corporation as of the date hereof) are issuable under Options and Awards outstanding at the date hereof, out of a total available of 500,929,678 common shares.
- *Maximum Percentage of Available Securities to Insiders Under All Share Compensation Arrangements.* The aggregate number of common shares issuable to insiders under the Share Incentive Plan and any other share compensation arrangement shall not exceed 10% of the common shares issued and outstanding at any time. Insiders shall not be issued, pursuant to the Share Incentive Plan and any other share compensation arrangement, within any one-year period, a number of common shares which exceeds 10% of the common shares issued and outstanding. As of the date hereof, a total of up to 28,737,408 common shares are issuable to insiders under granted Options and Awards (representing approximately 5.7% of the issued and outstanding common shares of the Corporation as of the date hereof), out of a total available to insiders of 50,092,968 common shares.
- *Method of Determining Option Exercise Price.* Under the Share Incentive Plan, the Human Resources and Compensation Committee has the authority to fix the exercise price of an Option at the time the Option is granted, provided that the price per common share fixed by the Human Resources and Compensation Committee is in Canadian dollars and shall not be less than the market price of the common shares immediately preceding the grant.
- *Calculation of Market Appreciation of Share Appreciation Rights.* The Share Incentive Plan allows the granting of share appreciation rights. Market appreciation of share appreciation rights shall be calculated as an amount equal to (a) the excess of the fair market value of a common

share on the date of redemption of the share appreciation right, over (b) the fair market value of a common share as of the date of grant, multiplied by (c) the number of common shares with respect to which the share appreciation right is redeemed.

- *Vesting of Options and Option Period.* At the time of the grant of an Option, the Human Resources and Compensation Committee may determine when any Option will become exercisable and may determine that the Option shall be exercisable in instalments on such terms as to vesting or otherwise, as the Human Resources and Compensation Committee deems advisable. Unless otherwise determined by the Human Resources and Compensation Committee, Options will vest, as to one-third of Options granted, on each of the first, second and third anniversaries of the date of grant, provided that the grantee is still a Participant at that time.
- *Restricted Shares Issuances.* The Share Incentive Plan permits the Human Resources and Compensation Committee to grant restricted shares to Participants. The Human Resources and Compensation Committee may determine when a restricted share shall vest, or have the restricted shares vest in instalment on such terms as the Human Resources and Compensation Committee deems to be advisable. After the restricted shares have vested and the Participant executes an award agreement, the Corporation will issue the Participant a certificate for the number of common shares granted as restricted shares. Once the Participant has the certificate, the Participant shall have the rights of a shareholder with respect to the restricted shares, subject to any restrictions or conditions as the Human Resources and Compensation Committee may in its discretion include in the applicable award agreement.
- *Restricted Share Units.* The Human Resources and Compensation Committee may grant Awards of RSUs to Participants in such amounts and subject to the vesting provisions (time-based and / or performance-based) terms and conditions as the Human Resources and Compensation Committee shall determine. On the payment date, the Participant of each RSU shall receive common shares, cash, securities or other property equal in value to the common shares or a combination thereof, as specified in the applicable award agreement.
- *Deferred Share Units.* The Human Resources and Compensation Committee may grant Awards of DSUs to Participants in such amounts and subject to such vesting provisions the vesting provisions (time-based and / or performance-based) and other terms and conditions as the Human Resources and Compensation Committee shall determine. A Participant is only entitled to payment in respect of the DSUs when the Participant ceases to be an employee or director of the Corporation or any affiliate thereof for any reason. At the time of grant, the Human Resources and Compensation Committee shall determine whether the DSUs shall be redeemed for (i) common shares only, or (ii) at the option of the Participant, common shares or the redemption value determined in accordance with the applicable award agreement.
- *Performance Shares and Performance Share Units.* The Human Resources and Compensation Committee may grant Awards of performance shares to Participants in the form of (a) common shares or (b) performance share units, in such amounts and subject to such terms and conditions as the Human Resources and Compensation Committee shall determine in its discretion. A Participant who is granted a performance share unit will have only the rights of an unsecured creditor of the Corporation until payment of common shares, cash or other securities or property is made as specified in the applicable award agreement. In the event that a certificate is issued in respect of an Award of performance shares in the form of common shares, such certificate shall be registered in the name of the Participant but shall be held by the Corporation or its designated agent until the time the performance shares are earned or become vested in accordance with the terms of the applicable award agreement. The Human Resources and Compensation Committee

shall determine in its sole discretion whether performance share units shall be settled in common shares, cash, securities or other property, or a combination thereof.

- *Other Equity-Based Awards.* The Human Resources and Compensation Committee may grant other types of equity-based or equity-related Awards to Participants (including the grant of unrestricted common shares) in such amounts and subject to such terms and conditions as the Human Resources and Compensation Committee shall in its discretion determine. Such Awards may entail the transfer of actual common shares to Participants, or payment in cash or otherwise of amounts based on the value of common shares, and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of foreign jurisdictions.
- *Term of Options.* The Human Resources and Compensation Committee may set the term of the Options, so long as such term is not more than ten years from the date of the grant of the Option.
- *Causes of Cessation of Entitlement.* The Share Incentive Plan sets out provisions regarding the exercise and cancellation of Options and Awards if a Participant's employment terminates or a Participant otherwise ceases to be eligible under the Share Incentive Plan. Under the Share Incentive Plan, subject to any express provisions included in an employment/termination agreement with respect to an Option or Award, which shall in no case provide for an exercise period beyond 12 months from the termination date:
 - If the Participant ceases to be eligible by reason of retirement, early retirement at the request of the Corporation, death or disability, there shall be either (i) immediate vesting of all Options and Awards if so provided for in an employment/termination agreement, or (ii) immediate vesting of the Options and Awards that would have vested in the 12 months following the effective termination date in all other cases. All vested Options and Awards shall be exercisable or redeemed during the period that is the shorter of (x) the remainder of the option period (or other applicable period in respect of Awards), and (y) 180 days after the effective date of termination.
 - If the Participant ceases to be eligible for any reason other than those specified above, there shall be either (i) immediate vesting of all Options and Awards or immediate vesting of the Options and Awards that would otherwise have vested in the 90 days following the termination date, as applicable, if so provided in an employment/termination agreement, or (ii) no accelerated vesting of the Options and Awards in all other cases. All vested Options and Awards shall be exercisable or redeemed, as the case may be, during the period which is the shorter of (x) the remainder of the option period (or other applicable period in respect of Awards), and (y) 90 days after the termination date.
- *Assignability.* Except to the extent otherwise provided in the applicable award or option agreement, no Award or Option or right granted to any person under the Share Incentive Plan shall be assignable other than by will or by the laws of descent and distribution.
- *Amendments, Suspension or Termination of the Share Incentive Plan.* Subject to the provisions below respecting amendments requiring shareholder approval, the Human Resources and Compensation Committee may amend, suspend or terminate the Share Incentive Plan, at any time, including with respect to the following matters, provided that no such amendment, suspension or termination may be made without obtaining any required regulatory approvals or adversely affect the rights of any optionee or award holders who holds an Option or Award at the time of such amendment, without the consent of that optionee or award holder:

- an amendment to the purchase price of any Option or Award, unless the amendment is a reduction in the purchase price of an Option or Award held by an insider to a price below the purchase price applicable to such Option or Award determined at the date of grant (including a cancellation and re-grant of an Option at a lower price less than three months after the related cancellation);
 - an amendment to the date upon which an Option or Award may expire, unless the amendment extends the expiry of an Option or Award held by an insider beyond the expiry date or term determined at the date of grant;
 - an amendment to the vesting provisions of the Share Incentive Plan and any option agreement or award agreement granted under the Share Incentive Plan;
 - an amendment to the cashless exercise feature of an Option or the Share Incentive Plan, whether or not there is a full deduction of the number of underlying common shares from the total number of common shares available for issuance under the Share Incentive Plan;
 - an addition to, deletion from or alteration of the Share Incentive Plan or an Option or Award that is necessary to comply with applicable law or the requirements of any regulatory authority or a stock exchange;
 - any amendment of a “housekeeping” nature, including, without limitation, amending the wording of any provision of the Share Incentive Plan for the purpose of clarifying the meaning of existing provisions or to correct or supplement any provision of the Share Incentive Plan that is inconsistent with any other provision of the Share Incentive Plan, correcting grammatical or typographical errors and amending the definitions contained within the Share Incentive Plan respecting the administration of the Share Incentive Plan;
 - any amendment respecting the administration of the Share Incentive Plan; and
 - any other amendment that does not require shareholder approval as set out in the section below or under applicable law or the requirements of any regulatory authority or stock exchange.
- *Amendments Requiring Shareholder Approval.* Shareholder approval will be required for the following amendments to the Share Incentive Plan:
 - any increase in the maximum number of common shares issuable, either as a fixed number or a fixed percentage of the Corporation’s outstanding common shares;
 - to remove or exceed the insider participation limit;
 - to an amending provision within the Share Incentive Plan;
 - any reduction in the purchase price of an Option or Award benefitting an insider to a price below the purchase price applicable to such Option or Award determined at the date of grant (but excluding, for greater certainty, a cancellation and re-grant of an Option to a lower price where the re-grant occurs at least three months after the related cancellation); and

- any extension of the expiry date or term of an Option or Award benefitting an insider beyond the expiry date or term determined at the date of grant.

Amendments for Consideration as Part of Share Incentive Plan Approval

On May 13, 2019, the Board approved the following amendments to the Share Incentive Plan, which is being placed before shareholders at the Meeting for approval:

- Adding an annual grant limit (which does not apply to one-time initial grants made to a new director upon joining the Board or to cash settled RSUs or other cash-settled Awards) to each non-employee director to a maximum value of \$100,000 worth of Options and \$150,000 worth of share-based Awards;
- Amending Section 17 on account of certain housekeeping changes;
- Amending Section 22(c)(4) and Section 22(b)(1) to remove ability to cancel and re-grant Options at a price below the exercise price of such Option or Award determined on the date of grant without the prior approval of shareholders or amend the purchase price of any Option or Award to a price below the exercise price of such Option or Award determined on the date of grant without the prior approval of shareholders;
- Amending Section 21(b) to provide the Board with discretion to determine the treatment of Options and Awards at the time of such holder's termination; and
- Adding a cashless exercise feature to any Option to allow the Board in its sole discretion to permit the cashless exercise of all or a portion of the Options granted to an optionee and permitting the optionee to receive a cash payment of the 'in-the-money' amount upon the exercise of Options.

A full text copy of the Share Incentive Plan showing the above noted amendments (in blackline) can be found below in Appendix C.

5. Termination and Change of Control Benefits

The employment agreements, as amended, between the Corporation and the NEOs contain the following termination and change of control provisions.

If Mr. Selby, Mr. Hollaar, Mr. Leddy or Ms. Muinonen is terminated without cause, such NEO will be entitled to payment of a multiple of the NEO's base salary (see below) in a lump sum or by salary continuation. The NEO's benefits coverage will continue until the end of the applicable compensation period (see below). In the event of a change of control (as defined below) of the Corporation, the NEO may elect, during the six month period immediately following the date of such change of control, to terminate the NEO's employment agreement by 60 days' notice and will be entitled to a lump sum payment of a multiple of the NEO's base salary (see below).

If Mr. St-Jean is terminated without cause, he will be entitled to a lump sum payment of a multiple of his base salary (see below). He will also be entitled to continue to participate in and be covered by the Corporation's benefit plans until the earlier of (a) the date that is one year following such termination, and (b) the date on which he commences employment with a new employer, and the Corporation will pay for up to \$20,000 of outplacement services to the extent actually and properly incurred on his behalf. In the event of a change of control (as defined below) of the Corporation Mr. St-Jean has the right, for a period

of six months following the change of control, to terminate his employment agreement on 30 days' notice and will be entitled to a lump sum payment of a multiple of his base salary (see below).

A “change of control” is defined as when any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, or a natural person in his or her capacity as trustee of any of the foregoing, alone or acting in concert with any of the foregoing or combination of the foregoing, beneficially own or control, directly or indirectly, over 40% of the outstanding common shares or the votes attaching thereto of the Company.

For the NEOs, vesting of options and awards accelerate on a change of control, and accelerate on a complete or partial basis on a termination without cause.

For illustrative purposes, had a change of control occurred on December 31, 2018, the applicable multiple, the compensation period for benefits, the amounts payable and the incremental value of options and awards in respect of which vesting would have accelerated would have been as follows:

Name	Multiple	Aggregate Amount Payable for Base Salary (\$)	Compensation Period for Benefits	Aggregate Amount Payable for Benefits (\$) ⁽¹⁾	Option-Based Awards – Value Vested (\$) ⁽²⁾	Share-Based Awards – Value Vested (\$) ⁽³⁾	Other
Mark Selby	2 times	700,000	2 years	-	169,050	-	-
Timothy Hollaar	2 times	460,000	2 years	-	80,033	-	-
John Leddy	2 times	576,000	2 years	-	75,460	-	-
Johnna Muinonen	2 times	460,000	2 years	-	98,000	-	-
Alger St-Jean	2 times	460,000	1 year	-	61,903	-	up to \$20,000 ⁽⁴⁾

Notes:

- (1) The aggregate value of benefits was less than \$50,000 for each NEO for the financial year.
- (2) The value of Options and SARs in respect of which vesting would have accelerated on a change of control was calculated using the closing price of the common shares on the TSX on December 31, 2018 which was \$0.48 per share, less the exercise or base price of the award.
- (3) Amounts are Nil as all share-based awards were fully vested as of December 31, 2018
- (4) Mr. St-Jean is entitled to a payment of up to \$20,000 of outplacement services to the extent actually and properly incurred on his behalf.
- (5) If, instead of a change of control, an NEO had been terminated without cause as of December 31, 2018, all of the amounts in the above table would be the same, except that in the Option-Based Awards column, the amounts would be nil.

6. Director Compensation

The Corporation’s compensation philosophy for directors is designed to provide competitive compensation sufficient to attract, retain and motivate highly skilled directors. Directors’ compensation was reviewed by the Human Resources and Compensation Committee in 2018. Directors’ compensation includes the following:

1. An annual retainer for each director (other than the Executive Chairman of the Board).
2. An annual retainer for the Executive Chairman of the Board.
3. An annual retainer for each committee Chair.
4. A meeting fee for each director for each properly called and duly constituted meeting attended (in person or by phone) by such director (other than the Executive Chairman of the Board).

5. An initial grant of stock options or other share-based compensation for each director upon being elected to the Board and an additional grant of stock options or share-based compensation from time to time, in each case as approved by the Board.

The annual retainer may be taken in the form of cash or, subject to the limits set forth in the Corporation's Share Incentive Plan and the recommendation of the Human Resources and Compensation Committee and approval by the Board, share-based compensation.

The Policy of the Corporation is that the annual retainer and meeting fees for directors be targeted at the 50th percentile of the peer group and the long-term retainer targeted at the 75th percentile causing Total Compensation to fall between the 50th and 75th percentile.

Director Compensation Table

The following table (presented in accordance with Form 51-102F6) sets forth all amounts of compensation provided to the directors for the Corporation's financial year ended December 31, 2018.

Name	Fees earned (\$)⁽²⁾	Share-based awards (\$)^(3,5)	Option-based awards (\$)⁽⁴⁾	All other compensation (\$)⁽⁵⁾	Total (\$)
Paul Huet	-	3,587	266,156	6,667	276,410
Scott M. Hand	-	165,000	157,136	-	322,136
Peter Goudie	-	67,500	78,568	40,000	186,068
Wendy Kei	-	40,000	39,468	20,000	99,468
Frank Marzoli	12,500	45,000	78,568	40,000	176,068
Warwick Morley -Jepson	3,587	-	266,156	6,667	276,410
Peter C. Jones ¹	-	28,750	78,568	-	107,318
Gilles Masson ¹	-	31,250	78,568	-	109,818
Donald McInnes ¹	-	62,500	78,568	40,000	181,068

Notes:

- (1) Messrs. Jones and Masson ceased to be Directors on June 28, 2018. Mr. McInnes ceased to be a Director on February 26, 2019.
- (2) Commencing Q4 2018, Directors could elect to receive Director fees in either cash or RSUs. Fees earned represents Q4 2018 fees for which a cash election was made.
- (3) This represents RSUs granted under the Share Incentive Plan in lieu of Director fees.
- (4) This represents options granted under the Share Incentive Plan.
- (5) This represents a \$40,000 bonus for 2018 (pro-rated for period of service on the Board during 2018) for which Directors could elect to receive cash or RSUs in lieu of the bonus. Mr. Hand elected to receive RSUs in lieu of bonus, and the remainder of the bonuses were cash settled.

Discussion of Director Compensation Table

Significant factors necessary to understand the information disclosed in the Director Compensation Table above include retainers and fees and DSUs and SARs granted under the Share Incentive Plan (for more information, see “Share Incentive Plan” above).

Retainers and Fees

The Board meets annually to review the adequacy and form of directors’ compensation. The following director compensation arrangements were in place for 2018:

Annual Board Retainer (base) ⁽¹⁾	\$20,000
Annual Retainer for the Executive Chairman of the Board.	\$125,000
Additional Annual retainer for Chairman of the Audit Committee	\$10,000
Additional Annual retainer for Chairpersons of other Board Committees	\$5,000
Board/Committee meeting attendance fee ⁽¹⁾	\$1,250

Notes:

(6) Paid to all directors other than the Executive Chairman of the Board.

Other Forms of Compensation

In light of the heavy workload placed upon directors in 2018, which was well beyond normal-course board activities, each director was also paid a \$40,000 bonus in respect of 2018 (pro rated for period of service on the Board during the year).

Share-Based Awards and Option-Based Awards as at December 31, 2018

The following table (presented in accordance with Form 51-102F6) sets forth for each director all awards outstanding at the end of the financial year ended December 31, 2018, including awards granted before the most recently completed financial year that were still outstanding on December 31, 2018.

Name	Option-based Awards Vested and Unvested				Share-based Awards		
	Number of securities underlying unexercised award (#) ⁽¹⁾	Award exercise or base price (\$)	Award expiration date ⁽²⁾	Value of unexercised in-the-money awards (\$) ⁽³⁾	Number of shares or units of shares that have not vested (#) ⁽⁴⁾	Market or payout value of share-based awards that have not vested (\$) ⁽⁵⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽⁵⁾
Paul Huet	Options 650,000	0.56	15-Nov-2023	-			-

Name	Option-based Awards Vested and Unvested				Share-based Awards		
	Number of securities underlying unexercised award (#) ⁽¹⁾	Award exercise or base price (\$)	Award expiration date ⁽²⁾	Value of unexercised in-the-money awards (\$) ⁽³⁾	Number of shares or units of shares that have not vested (#) ⁽⁴⁾	Market or payout value of share-based awards that have not vested (\$) ⁽⁵⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽⁵⁾
Scott M. Hand	<u>Options</u>						
	60,000	0.27	05-Feb-2019	12,600	-	-	1,038,580
	600,000	0.65	16-Apr-2019	-			
	120,000	0.34	12-Dec-2019	17,400			
	1,500,000	0.27	21-Dec-2021	315,000			
	1,200,000	0.24	06-Feb-2023	-			
	<u>SARs</u>						
75,000	0.27	28-Jan-2019	15,750				
78,000	0.40	14-Dec-2022	6,240				
Peter Goudie	<u>Options</u>						
	40,000	0.27	5-Feb-2019	8,400	-	-	473,009
	400,000	0.65	16-Apr-2019	-			
	80,000	0.34	12-Dec-2019	-			
	750,000	0.27	21-Dec-2021	11,600			
	600,000	0.24	06-Feb-2023	157,500			
	<u>SARs</u>						
50,000	0.27	28-Jan-2019	10,500				
52,000	0.40	14-Dec-2022	4,160				
Wendy Kei	<u>Options</u>						
650,000	0.10	12-Jul-2023	247,000			15,365	
Frank Marzoli	<u>Options</u>						
	40,000	0.27	05-Feb-2019	8,400			301,761
	300,000	0.65	16-Apr-2019	-			
	80,000	0.34	12-Dec-2019	11,600			
	150,000	0.18	11-Dec-2020	45,750			
	750,000	0.27	21-Dec-2021	157,500			
	600,000	0.24	06-Feb-2023	147,000			
<u>SARs</u>							
50,000	0.27	28-Jan-2019	10,500				
52,000	0.40	14-Dec-2022	4,160				
Warwick Morley - Jepson	<u>Options</u>						
650,000	0.56	15-Nov-2023	-			-	

Name	Option-based Awards Vested and Unvested				Share-based Awards		
	Number of securities underlying unexercised award (#) ⁽¹⁾	Award exercise or base price (\$)	Award expiration date ⁽²⁾	Value of unexercised in-the-money awards (\$) ⁽³⁾	Number of shares or units of shares that have not vested (#) ⁽⁴⁾	Market or payout value of share-based awards that have not vested (\$) ⁽⁵⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽⁵⁾
Peter C. Jones	<u>Options</u>	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	<u>SARs</u>	-	-	-	-	-	-
Gilles Masson	<u>Options</u>	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	<u>SARs</u>	-	-	-	-	-	-
Donald McInnes	<u>Options</u>						
	50,830 ⁽⁶⁾	0.74	25-Mar-2019	-			289,263
	100,000	0.53	13-Aug-2019	-			
	80,000	0.34	12-Dec-2019	11,600			
	750,000	0.27	11-Dec-2020	157,500			
	600,000	0.24	21-Dec-2021	147,000			

Notes:

- (1) This represents options and stand-alone cash-settled SARs. Subject to certain exceptions relating to a change of control or ceasing to be a director, the SARs granted to the directors vest if the Human Resources and Compensation Committee passes a resolution approving the redemption of the SARs having regard to the Corporation's financial condition, project status and overall market conditions, provided that the number of SARs to vest will be dependent upon the length of service of the director as follows: one-third will not be dependent on the length of service and shall vest upon the Committee approval condition referred to above, one-third will only vest subject to the Committee approval referred to above if the director is still serving as a director on the first anniversary of the date of grant and the remaining one-third will only vest subject to the Committee approval referred to above if the director is still serving as a director on the second anniversary of the date of grant. Notwithstanding the above, in the event that the Committee approval condition is not met prior to December 14, 2022 (for SARs granted in 2012), the SARs will be redeemed on December 14, 2022.
- (2) All vested SARs must be redeemed on or before the expiration date specified above.
- (3) The value of unexercised option-based awards was calculated using the closing price of common shares on the TSX on December 31, 2018 of \$0.48 less the exercise or base price of the award.
- (4) This represents RSUs and DSUs.
- (5) The market or payout value was calculated using the closing price of common shares on the TSX on December 31, 2018 of \$0.48.
- (6) Mr. McInnes became a director on June 18, 2014. He received these options of the Corporation in exchange for options to acquire shares of True North Inc. (pursuant to the terms and conditions of the agreements providing for the acquisition by the Corporation of a 55.9% interest in True North Inc.).

Incentive Plan Awards – Value Vested or Earning During The Year

The following table (presented in accordance with Form 51-102F6) sets forth details of the value vested or earned by each director during the financial year ended December 31, 2018 for each incentive plan award.

Name	Option-based awards – Value vested during the year (\$)⁽¹⁾	Share-based awards – Value vested during the year (\$)⁽²⁾
Scott M. Hand	12,000	165,000
Peter Goudie	6,000	67,500
Wendy Kei	-	40,000
Frank Marzoli	6,000	45,000
Peter C. Jones	-	28,750
Gilles Masson	-	31,250
Donald McInnes	6,000	62,500

Notes:

- (1) Represents the aggregate dollar value that would have been realized if the Options or SARs that vested during the year had been exercised or redeemed, as applicable, on the vesting date.
- (2) This represents RSUs and DSUs. The value of share-based awards that vested during the year was calculated using the closing price of common shares on the vesting date on the TSX.

OTHER INFORMATION

1. Securities Authorized for Issuance Under Equity Compensation Plans

The following table (presented in accordance with Form 51-102F5) sets forth all compensation plans under which equity securities of the Corporation are authorized for issuance as of the end of the most recently completed financial year.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a)) (c)
Equity compensation plans approved by securityholders: ⁽¹⁾			
Options	33,413,167	\$0.34	
Awards	4,776,893	-	
Sub Total	38,190,060 ⁽²⁾		26,359,160
Equity compensation plans not approved by securityholders	-	-	-
Total	38,190,060	-	26,359,160

Notes:

- (1) The number of common shares issuable upon the exercise of Options and made available as Awards, in aggregate, cannot exceed 15% of the issued and outstanding common shares from time to time.
- (2) Includes Options and Awards under Share Incentive Plan, which Awards include 959,343 DSUs and 3,817,550 RSUs which are redeemable in cash or common shares at the option of the holder, but exclude 182,000 SARs and 4,272,647 RSUs, which are redeemable in cash only.

2. Indebtedness of Directors and Executive Officers

During the most recently completed financial year and as at the date hereof, no director, proposed nominee for election as a director, executive officer, employee or associate of any such persons has been or is indebted to the Corporation, nor has the Corporation guaranteed any loans on behalf of any of these persons.

3. Interest of Informed Persons in Material Transactions

Management of the Corporation is not aware of any material interest, direct or indirect, of any director or executive officer of the Corporation, any other informed person of the Corporation (as defined in NI 51-102), any proposed nominee for election as a director of the Corporation, or any associate or affiliate of any such person, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

RNC considers good corporate governance to be central to the effective and efficient operation of its business and is committed to implementing high standards of corporate governance and reporting. The Board reviews and formulates policies with respect to corporate governance issues. RNC attempts, so far as is practical and reasonable given the nature of RNC's business and available resources, to seek to adhere to the guidelines outlined in *National Policy 58-201 – Corporate Governance Guidelines*.

1. Board of Directors

Composition of the Board

The Articles of Incorporation and Bylaws of the Corporation provide that its Board be comprised of a minimum of three directors and a maximum of ten directors. The Board has considered the independence of each of its directors. Consistent with *National Instrument 58-101 – Disclosure of Corporate Governance Practices* (“NI 58-101”), to be considered independent, the Board must conclude that a director has no material relationship with the Corporation. A “material relationship” is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment and includes an indirect material relationship. The Board has concluded that all directors standing for election other than Paul Huet are “independent” as defined in NI 58-101. Mr. Huet is considered non-independent as a result of his managerial role as Executive Chairman.

Other Directorships

Certain directors of the Corporation who are standing for election are also presently directors of other issuers that are reporting issuers (or the equivalent) in Canada or elsewhere. Information as to such other directorships is set out below.

Director	Public Corporation
Paul Huet	Havilah Mining Corporation
Wendy Kei	Ontario Power Generation Inc. Guyana Goldfields Inc.
Warwick Morley-Jepson	Wesdome Gold Mines Ltd.

Independent Directors' Meetings

The Board meets at least once each quarter, with additional meetings held as deemed necessary. A session of the independent directors is held at which non-independent directors, if any, and members of management are not in attendance at the end of each regularly scheduled Board meeting. In 2018, 11 Board meetings were held at which such independent sessions were held.

Executive Chairman of the Board

The prime responsibility of the Executive Chairman is to provide leadership to the Board to enhance Board effectiveness. Paul Huet currently serves as Executive Chairman and is considered non-independent under applicable securities laws. The Board has ultimate accountability for supervision of management of the business and affairs of the Corporation. Critical to meeting this accountability is the relationship between the Board, management and shareholders. The Executive Chairman oversees these

relationships and acts as the presiding member of the Board with a view to ensuring that these relationships are effective, efficient and further the best interests of the Corporation.

Lead Director

Lead Director is a non-executive position which focuses on ensuring open and candid discussion takes place among the independent directors, and between independent and non-independent directors. The Corporation appoints a Lead Director in circumstances where the Chairman of the Board is considered non-independent under applicable securities laws. Scott Hand current services as Lead Director. To enhance the effectiveness of the Board, among other things, the Lead Director ensures that the independent directors have an opportunity to meet, without management and the non-independent directors being present at Board meetings.

Attendance at Meetings

The Board meets regularly to review the activities and financial results of the Corporation and as necessary to review and consider significant impending actions of the Corporation. For the attendance record of each director for all Board meetings held during the financial year ended December 31, 2018, please see the table under “Business of the Meeting – Election of Directors”.

2. Board Mandate

The Charter of the Board of Directors (the “**Board Charter**”) sets out the roles and responsibilities to be discharged by directors. A copy of the Board Charter is attached as Appendix A to this Circular.

Position Descriptions

Written position descriptions have been developed by the Board for the Executive Chairman of the Board, the Lead Director of the Board, the Chairs of the committees of the Board and the Chief Executive Officer of the Corporation. These position descriptions have been approved by the Board.

Orientation and Continuing Education

In accordance with the Corporation’s policies on orientation for new directors, each new director is provided a copy of the Corporation’s Director Handbook, which contains written information about the Corporation’s governing documents, code of business conduct and ethics, charters and other material information about the Corporation. Directors are strongly encouraged to visit the Corporation’s facilities and operations and to meet with the senior executives of the Corporation, when appropriate. All of the directors of the Corporation visited its Beta Hunt Mine in November 2018. Directors are also encouraged to be a member of a professional director organization and/or have a subscription with an organization that provides educational materials or corporate governance and/or director responsibilities, current trends and other relevant director information.

Code of Business Conduct and Ethics

The Board has adopted a written Code of Business Conduct and Ethics (the “**Code**”) to outline principles to which RNC’s employees, officers and directors are expected to adhere in the conduct of the Corporation’s business. The Code addresses, among other things, conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, compliance with laws and the reporting of illegal or unethical behaviour. All employees, officers and directors are expected to abide by the Code. Compliance with the Code is monitored by the Corporate Governance and

Nominating Committee. In order to ensure compliance with the Code, directors, officers and other employees of the Corporation may be required to provide certificates of compliance with the Code at least annually. The Code is available on SEDAR (www.sedar.com) under RNC's issuer profile.

The Corporation has also adopted a whistleblower policy, an insider trading policy and other policies with a view to promoting a culture of ethical business conduct.

Nomination of Directors

The Corporate Governance and Nominating Committee (the “**CGN Committee**”) assists in the identification of and recommends to the Board nominees for election or re-election to the Board, or for appointment to fill any vacancy that is anticipated or has arisen on the Board. The process by which the Board will identify new candidates for Board nomination will involve: periodically, or as frequently as deemed necessary, reviewing the appropriate skills and characteristics required of Board members to add value to the Corporation; periodically, or as frequently as deemed necessary, reviewing the current composition of the Board in light of the characteristics of independence, diversity, age, skills, experience and availability of service of its members and of anticipated needs; and seeking and reviewing individuals qualified to become members of the Board, in the context of the Corporation's needs and the criteria established by the Board.

The Corporation has adopted a majority voting policy that stipulates that, except in a contested meeting, if a director nominee receives a greater number of votes withheld for his or her election than for his or her election, the nominee will submit his or her resignation promptly after the meeting. Absent exceptional circumstances, the Board will accept the resignation. The Board's decision to accept or reject the resignation offer will be disclosed to the public. Subject to certain exceptions, the nominee will not participate in any committee or Board deliberations on the resignation offer. The Corporation is entitled to nominate only those candidates for election or re-election as directors who agree, prior to their nomination, to tender their resignations in accordance with the terms of the policy.

The CGN Committee also develops and recommends to the Board the corporate governance procedures, charters and policies of the Corporation, monitors compliance with such procedures, charters and policies and assesses the effectiveness of the Board as a whole as well as the contribution of committees and individual members.

Compensation

It is the Human Resources and Compensation Committee's responsibility to: develop a compensation philosophy and policy; evaluate and make recommendations to the Board regarding cash, equity-based and incentive compensation of the Corporation's directors and senior executives; review and approve the goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives and make recommendations to the Board for the Chief Executive Officer's compensation based on the evaluation; review and make recommendations to the Board with respect to the compensation of directors; make certain determinations with respect to the compensation of senior executives other than the Chief Executive Officer; and review executive compensation disclosure before the Corporation publicly discloses the information.

For information regarding the process by which the Board determines the compensation for the Corporation's senior executives, please see “Statement of Executive Compensation – Compensation Discussion and Analysis”. For information regarding the process by which the Board determines the

compensation for the Corporation's directors, please see "Statement of Executive Compensation – Director Compensation".

3. Other Board Committees

Other than the Audit Committee, the Human Resources and Compensation Committee and the CGN Committee, the Board does not have any other standing committees other than the Technical, Safety and Sustainability Committee (the "THSE Committee"). The THSE Committee is responsible for overseeing the development and implementation of policies and management systems of the Corporation relating to exploration, development and operational matters, including environmental and health and safety issues in order to ensure compliance with applicable laws and best management practices. It is the THSE Committee's responsibility to ensure adequate resources are available and systems are in place for management of the Corporation to implement appropriate operational, environmental, health and safety programs and to ensure that the Corporation has implemented an environmental and health and safety compliance audit program.

Board Assessments

The Board has express responsibility under the Board Charter to assess its own effectiveness in fulfilling its responsibilities, including monitoring the effectiveness of its committees and individual directors. The CGN Committee is the committee responsible for establishing criteria and processes for, and leading the Board in, a performance evaluation (performed once every two years, the last one having been completed in 2019) of the Board, its committees and individual directors. The results of this evaluation are then reported to the full Board by the chair of the CGN Committee.

Diversity Policy

The Corporation believes that decision-making is enhanced through diversity in the broadest sense. In the context of an effective board of directors, diversity includes expression of thought, business experience, skill sets and capabilities. Diversity also includes valuing an individual's race, colour, gender, age, religious belief, ethnicity, cultural background, economic circumstance, human capacity, and sexual orientation. Taken together, these diverse skills and backgrounds help to create a business environment that encourages a range of perspectives and fosters excellence in the creation of shareholder value. The Corporation further believes that diversity provides a competitive advantage and makes for better decisions, which create further value for shareholders. The Corporation supports and encourages diversity at all levels, as is reflected in its Diversity Policy, which was adopted by the Board on March 26, 2019.

The Corporation's Diversity Policy provides, among other things, that in reviewing Board composition, the Corporate Governance and Nominating Committee will consider the benefits of all aspects of diversity, including gender, age, ethnicity, disability and geographical background of each candidate, in order to enable the Board to discharge its duties and responsibilities effectively. Board appointment recommendations look to highly qualified individuals based on their experience, education, expertise, personal qualities, and general business and sector specific knowledge. In identifying suitable candidates for appointment to the Board, the Committee considers candidates on merit against objective criteria as described above and with due regard for the benefits of diversity on the Board.

Gender Diversity: The Board is committed to ensuring that gender diversity is actively pursued. The Committee will actively seek women candidates during the director identification and selection process by reviewing information sources that profile women who are currently on or have an interest in serving on public Canadian boards and also by identifying qualified women in the mining industry. Selection of female candidates to join the Board will be, in part, dependent on the pool of female candidates with the

necessary skills, knowledge and experience. The ultimate decision will be based on merit and contribution the chosen candidate will bring to the Board.

The Policy also covers senior executive appointments and requires the Chief Executive Officer of the Corporation to have reference to the policy in selecting and assessing candidates and in presenting recommendations to the Board regarding appointments to the senior executive team. The Policy requires the Board to also consider gender diversity and the objectives of the policy when considering those recommendations.

Term Limits

The Corporation is committed to ensuring that the Board at all times has the appropriate mix of skills, expertise and knowledge. It has not adopted, and is not currently contemplating the adoption of, formal term limits or a formal retirement policy for its directors. The Corporation believes that the imposition of such limits could be counter-productive as it has been the Corporation's experience that its more senior directors, who may have been forced to retire if such policies were implemented, continue to provide invaluable insight, perspectives and guidance that are critical as the Board and senior management work to achieve RNC's strategic and operational objectives. Renewal is facilitated through the annual assessments of the Board, its committees, committee chairs and individual directors (described above, in which Board members evaluate each other and the Board as a whole in order to determine whether there are areas where the Board requires improvement). The addition in 2018 of Paul Huet and Warwick Morley-Jepson, highly regarded and experienced gold mining industry executives, to the Board, and Wendy Kei, a highly qualified finance executive with extensive and varied experience, are examples of the Board's commitment to selective renewal and improvement as circumstances warrant.

ADDITIONAL INFORMATION

The Canada Business Corporation Act, which governs the Corporation, provides that shareholder proposals must be received within sixty (60) days of the anniversary date of the Corporation's last annual meeting to be considered for inclusion in the proxy statement and the form of proxy for this annual and special meeting.

Additional information relating to the Corporation is available on SEDAR (www.sedar.com) under RNC's issuer profile. Financial information is provided in the Corporation's audited annual financial statements and management's discussion and analysis ("MD&A") for the year ended December 31, 2018.

In addition, copies of the Corporation's audited financial statements and MD&A may be obtained upon request to the Chief Financial Officer of the Corporation. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

DIRECTORS' APPROVAL

The directors of the Corporation have approved the contents and the sending of this Circular.

BY ORDER OF THE BOARD

(signed) Mark Selby

Toronto, Ontario
May 15, 2019

Mark Selby
President and Chief Executive Officer

APPENDIX A CHARTER OF THE BOARD OF DIRECTORS

1.0 ROLE OF THE BOARD

The role of the board of directors of RNC Corporation (the “**Company**”) is to oversee, directly and through its committees, the business and affairs of the Company, which are conducted by its officers and employees under the direction of the Chief Executive Officer (“**CEO**”). In doing so, the board acts at all times with a view to the best interests of the Company.

2.0 AUTHORITY AND RESPONSIBILITIES

The board meets regularly to review reports by management on the performance of the Company. In addition to the general supervision of management, the board performs the following functions:

2.1 Strategic Planning

Overseeing the strategic planning process within the Company and periodically reviewing, approving and monitoring the strategic plan for the Company including fundamental financial and business strategies and objectives.

2.2 Risk Assessment

Assessing the major risks facing the Company and reviewing, approving and monitoring the manner of managing those risks.

2.3 CEO

Developing the corporate objectives that the CEO is responsible for meeting and selecting, evaluating and compensating the CEO.

2.4 Senior Management

Overseeing the selection, evaluation and compensation of senior management and monitoring succession planning.

2.5 Disclosure Policy

Adopting a disclosure policy for the Company which is designed to ensure the timeliness and integrity of communications to shareholders and establishing suitable mechanisms to receive stakeholder views.

2.6 Corporate Governance

Developing the Company’s approach to corporate governance, including developing a set of corporate governance principles and guidelines applicable to the Company.

2.7 Internal Controls

Reviewing and monitoring the controls and procedures within the Company to maintain its integrity including its disclosure controls and procedures, and its internal controls and procedures for financial reporting and compliance; and

2.8 Maintaining Integrity

On an ongoing basis, satisfying itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Company, including compliance with its Code of Business Conduct and Ethics.

3.0 COMPOSITION AND PROCEDURES

3.1 Size of Board and Selection Process

The directors of the Company are elected each year by shareholders at the annual meeting of shareholders. The board, with the assistance of the Corporate Governance and Nominating Committee, proposes individual nominees to shareholders for election. Any shareholder may propose a nominee for election to the board either by means of a shareholder proposal upon compliance with the requirements prescribed by the *Canada Business Corporations Act* (“CBCA”) or by complying with the advance notice requirements of the Company’s by-laws. The board also recommends the number of directors on the board to shareholders for approval. Between annual and special meetings, the board may appoint directors to serve until the next annual and special meeting.

3.2 Qualifications

Directors should have the highest personal and professional ethics and values and be committed to advancing the best interests of the Company. They should possess skills and competencies in areas that are relevant to the Company’s activities. A majority of the directors will be independent based on the rules and guidelines of applicable stock exchanges and securities regulatory authorities.

3.3 Director Orientation

The Company’s management team is responsible for providing an orientation and education program for new directors.

3.4 Meetings

The board has at least four scheduled meetings a year. The board is responsible for its agenda. Prior to each board meeting, the CEO discusses agenda items for the meeting with the Chairman of the board. Materials for each meeting are distributed to the directors in advance of the meetings. At the conclusion of each regularly scheduled meeting, the independent directors meet without management present.

3.5 Committees

The board has established the following standing committees to assist the board in discharging its responsibilities: (i) Audit, (ii) Corporate Governance and Nominating, (iii) Compensation, and (iv) Technical, Safety and Sustainability. Special committees may be established from time to time to assist the board in connection with specific matters. The chair of each committee reports to the board following meetings of the committee. The terms of reference of each standing committee are reviewed periodically by the board.

3.6 Evaluation

The Corporate Governance and Nominating Committee performs an annual evaluation of the effectiveness of the board as a whole, the committees of the board and the contributions of individual directors.

3.7 Compensation

The Human Resources and Compensation Committee recommends to the board the compensation for non-management directors. In reviewing the adequacy and form of compensation, the committee seeks to ensure that the compensation reflects the responsibilities and risks involved in being a director of the Company and aligns the interests of the directors with the best interests of the Company.

3.8 Access to Independent Advisors

The board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Company. Any director may, subject to the approval of the Chairman of the board, retain an outside advisor at the expense of the Company.

3.9 Attendance

Directors are expected to attend all properly called meetings in person or by telephone. As a minimum, directors are expected to attend at least 75% of all properly called meetings and to have reviewed meeting materials in advance.

**APPENDIX B
AUTHORIZING RESOLUTION**

Resolution #1 – Share Incentive Plan Resolution

CONTEXT:

- A. On June 14, 2010, the shareholders of RNC approved its 2010 share incentive plan. The 2010 share incentive plan was amended and restated on March 26, 2013 (other than amendments to Section 22, which became effective upon approval of shareholders of RNC at its annual and special shareholders meeting held on June 14, 2013) and amended on May 13, 2019 (the "**Share Incentive Plan**");
- B. The rules of the TSX require that all unallocated entitlements under plans that do not have a fixed maximum number of shares issuable (*i.e.*, "evergreen plans") must be approved by shareholders every three years; and
- C. The board of directors of RNC has, subject to shareholder approval, adopted a resolution approving the Share Incentive Plan and all unallocated entitlements under the Share Incentive Plan.

BE IT RESOLVED THAT:

- 1. the Share Incentive Plan and all unallocated entitlements under the Share Incentive Plan be and are hereby approved;
- 2. RNC has the ability to continue granting entitlements under the Share Incentive Plan until June 18, 2022; and
- 3. Any director or officer of the Corporation be and is hereby authorized and directed to execute and deliver for and in the name of and on behalf of RNC all such certificates, instruments, agreements, documents and notices and to do all such other acts and things as in such person's opinion may be necessary or desirable for the purpose of giving effect to this resolution.

APPENDIX C
SHARE INCENTIVE PLAN

AMENDED AND RESTATED SHARE INCENTIVE PLAN

1. Purpose of the Plan

The Royal Nickel Corporation 2010 Share Incentive Plan, as amended and restated on March 26, 2013 (other than amendments to Section 22, which shall become effective upon approval by the shareholders of the Company), provides for the granting of Options and Awards to Participants for the purpose of advancing the interests of the Company through the motivation, attraction and retention of key officers, directors, employees (including prospective employees) and consultants of the Company and the Designated Affiliates and to secure for the Company and the shareholders of the Company the benefits inherent in the holding of Options and Awards that are tied to the long term performance of Common Shares by key officers, directors, employees and consultants of the Company and its Designated Affiliates.

2. Definitions

Unless otherwise defined herein, the following terms used in this Plan have the meaning given to them below:

“**Acceleration Event**” has the meaning as defined in Section 17;

“**Affiliate**” means the following:

a company is an Affiliate of another company if:

- (a) one of them is the Subsidiary of the other; or
- (b) each of them is controlled by the same Person.

In addition, a company is “**controlled**” by a Person if:

- (a) voting shares of the company are held, directly or indirectly, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting shares, if voted, entitle the Person to elect a majority of the directors to the company;

“**Associate**” has the meaning given to it in the *Securities Act* (Ontario), as amended from time to time;

“**Award**” means an award (other than an Option) made pursuant to the Plan, as provided in Section 4;

“**Award Agreement**” means a written document by which each Award is evidenced;

“**Blackout Period**” means the period during which Participants cannot trade securities of the Company pursuant to the Company’s policy respecting restrictions on trading which is in effect at that time (which, for greater certainty, does not include the period during

which a cease trade order is in effect to which the Company or in respect of an insider, that insider, is subject);

“**Blackout Period Expiry Date**” means the date on which a Blackout Period expires;

“**Board**” and “**Board of Directors**” mean the board of directors of the Company;

“**Business Day**” means each day other than a Saturday, Sunday or statutory holiday in Toronto, Ontario, Canada;

“**Certificate**” means a share certificate (or other appropriate document or indicia of ownership) representing Common Shares of the Company;

“**Committee**” means the compensation committee appointed by the Board of Directors to administer this Plan. All references in this Plan to the Committee means the Board of Directors if no such compensation committee has been appointed;

“**Common Shares**” means the common shares in the capital of the Company;

“**Company**” means Royal Nickel Corporation, any successor of it, and where the context so requires, any Subsidiary of Royal Nickel Corporation;

“**Consultant**” has the meaning given to it in National Instrument 45-106, as amended from time to time;

“**Consulting Contract**” means a written contract between a Consultant (or a company or partnership of which the individual Consultant is an employee or a shareholder or partner) and the Company, governing the terms with respect to the provision of the Consultant’s services to the Company;

“**Date of Grant**” means the date a Participant is granted an Option or Award;

“**Designated Affiliate**” means the Affiliates of the Company designated by the Committee for purposes of the Plan from time to time;

“**Directors**” means the directors of the Company from time to time;

“**Eligible Directors**” means the Directors or the directors of any Designated Affiliate to whom Options and Awards can be granted in reliance on a prospectus exemption under applicable securities law from time to time;

“**Eligible Employees**” means:

- (i) an individual who is considered an employee under the *Income Tax Act* (Canada) (such as an individual for whom income tax, employment insurance and Canadian Pension Plan deductions must be made at the source) of the Company or any Designated Affiliate;

- (ii) an individual who works full-time for the Company or any Designated Affiliate thereof providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Designated Affiliate thereof over the details and methods of work as an employee of the Company or any Subsidiary thereof, but for whom income tax deductions are not made at the source; or
- (iii) an individual who works for the Company or any Designated Affiliate thereof on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Designated Affiliate thereof over the details and methods of work as an employee of the Company or any Designated Affiliate thereof, but for whom income tax deductions are not made at the source.

“Employment Contract” means any contract between the Company or any Designated Affiliate and any Eligible Employee, Eligible Director or Other Participant relating to, or entered into in connection with, the employment or departure of the Eligible Employee, the appointment or election of the Eligible Director or the engagement of the Other Participant or any other agreement to which the Company or a Designated Affiliate is a party with respect to the rights of such Participant in respect of a change in control of the Company or the termination of employment, appointment, election or engagement of such Participant;

“Exercise Date” means the date the Company receives from a Participant a completed notice of exercise contemplated by Section 8(f), together with payment for the Option Shares being purchased;

“Exercise Price” means the price per share at which a Participant may purchase Option Shares as fixed by the Committee;

“Fair Market Value” means, as of a specified date, the last closing price of the Common Shares on the Stock Exchange (or, if the Common Shares are not listed on such exchange, such other stock exchange on which the Common Shares are then listed) on the trading day immediately preceding that date, or if no prices are reported on that date, on the last preceding date on which such prices of the Common Shares are so reported. If the Common Shares are not then listed on any stock exchange but is traded over the counter at the time determination of Fair Market Value is required to be made hereunder, Fair Market Value shall be deemed to be equal to the average between the reported high and low sales prices of Common Shares on the most recent date on which Common Shares were publicly traded. If the Common Shares are not publicly traded at the time of determination, Fair Market Value shall be made by the Board or Committee in such manner as it deems appropriate.

“Insider” means a reporting insider as defined in National Instrument 55-104 – Insider Reporting Requirements and Exemptions;

“Market Price” means, with respect to a grant of Options, the last closing price of the Common Shares on the Stock Exchange (or, if the Common Shares are not listed on such exchange, such other stock exchange on which the Common Shares are then listed) prior to the grant. If the Common Shares are not then listed on any stock exchange but is traded over the counter at the time determination of Market Price is required to be made hereunder, Market Price shall be deemed to be equal to the average between the reported high and low sales prices of Common Shares on the most recent date on which Common Shares were publicly traded. If the Common Shares are not publicly traded at the time of determination, Market Price shall be made by the Board or Committee in such manner as it deems appropriate.

“Option” means a non-assignable, non-transferable right to purchase Common Shares granted pursuant to, or governed by the Share Option Plan;

“Option Agreement” means a written document by which each Option is evidenced;

“Option Period” means the period set forth in Section 8(b) during which a Participant may purchase Option Shares (provided, however, that the Option Period may not exceed ten years from the relevant Date of Grant);

“Option Shares” means the Common Shares which a Participant is entitled to purchase pursuant to Options granted pursuant to the Share Option Plan;

“Optionee” shall mean a Participant to whom an Option has been granted pursuant to the Share Option Plan;

“Other Awards Plan” means the other awards plan described in Section 9 hereof;

“Other Participants” shall mean any Person engaged to provide ongoing management or consulting services for the Company or a Designated Affiliate, or any employee of such Person, other than an Eligible Director or an Eligible Employee;

“Participant” with respect to the Share Option Plan and the Other Awards Plan shall mean each Eligible Director, Eligible Employee, Consultant and any Other Participant who has been designated by the Committee in accordance with Section 3 hereof;

“Performance-Based Incentives” means Awards, the vesting of which is contingent upon achievement by the Company of milestones or targets specified in the underlying Award Agreement;

“Person” means an individual, partnership, association, company or personal representative;

“Plan” means this share incentive plan which includes the Share Option Plan and the Other Awards Plan, as amended from time to time;

“Proposed Transaction” has the meaning as defined in Section 17;

“**Section 409A**” means Section 409A of the *United States Internal Revenue Code* and related guidance, as these may be amended from time to time.

“**Share Compensation Arrangement**” means a stock option, stock option plan or any other compensation or incentive mechanism involving the issue or potential issue of securities of the Company to one or more Participants, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guaranty or otherwise;

“**Share Option Plan**” means the share option plan described in Section 8 hereof;

“**Stock Exchange**” means The Toronto Stock Exchange;

“**Subsidiary**” of another entity means an entity that would be deemed to be a subsidiary of the other entity of the purposes of the *Securities Act* (Ontario) other than Part XX of that Act;

“**Termination**” has the meaning given to it in Section 21 hereof; and

“**Termination Date**” has the meaning given to it in Section 21 hereof.

“**U.S. Participant**” means a Participant who is subject to United States taxation.

3. Eligibility

Options and Awards shall be granted only to *bona fide* Participants. Participation in this Plan shall be limited to Participants who are designated from time to time by the Committee. Participation shall be voluntary and the extent to which any Participant shall be entitled to participate in this Plan shall be determined by the Committee.

4. Types of Awards Under Plan

Grants under the Plan may be made in the form of Options or Awards, which Awards may include the following: (i) share appreciation rights, (ii) restricted shares, (iii) restricted share units, (iv) deferred share units, (v) performance shares and performance share units, and (vi) other equity-based or equity related awards that the Committee determines to be consistent with the purpose of the Plan and the interests of the Company.

5. Number of Common Shares Available for Awards

- (a) **Plan Maximum:** The maximum number of Common Shares made available under this Plan shall be determined from time to time by the Committee but, in any case, shall not exceed 15% of the outstanding Common Shares from time to time.

(b) Limits with respect to Insiders:

- (i) the aggregate number of Common Shares issuable under this Plan and any other Share Compensation Arrangement to Insiders shall not exceed 10% of the Common Shares issued and outstanding at any time;
- (ii) Insiders shall not be issued, pursuant to this Plan and any other Share Compensation Arrangements, within any one year period, a number of Common Shares which exceeds 10% of the Common Shares issued and outstanding.

(c) **Limits with respect to Non-Employee Directors:**

- (i) **Non-employee Directors will be subject to an annual grant limit of \$100,000 worth of Options and \$150,000 worth of share-based Awards;**
- (ii) **The limit in Section 5(c)(i) does not apply to one-time initial grants made to a new non-employee Director upon joining the Board or to cash-settled Awards.**

6. Agreements Evidencing Awards

Each Award and/or Option granted under this Plan shall be evidenced by a written document which shall contain such provisions and conditions as the Committee in its discretion deems appropriate. The Committee may grant Awards and Options in tandem with or, if applicable, subject to pre-clearance with the Stock Exchange, in substitution for any other Award or Option granted under this Plan, provided that no such substitutions shall be made for Awards or Options granted to U.S. Participants to the extent it would result in a violation of Section 409A. By accepting an Award or Option pursuant to the Plan, a Participant thereby agrees that the Award or Option shall be subject to all of the terms and conditions of this Plan and the applicable Award or Option Agreement.

7. No Rights as a Shareholder

No Participant shall have any of the rights or privileges of a shareholder of the Company with respect to Common Shares subject to such Award or Option until the issuance of a Certificate for such Common Shares.

OPTION PLAN

8. Options, Price, Vesting, Payment and Termination

- (a) A Share Option Plan is hereby established for the Eligible Directors, Eligible Employees, Consultants and Other Participants of the Plan.

- (b) The Committee shall determine the number of Option Shares that such Participant is entitled to purchase, the Exercise Price, the Option Period (which may not exceed ten years from the relevant Date of Grant) and the vesting schedule, if any.
- (c) Each Option granted to a Participant shall be evidenced by an Option Agreement setting out terms and conditions consistent with the provisions of the Plan, which terms and conditions need not be the same in each case and which terms and conditions may be changed from time to time.
- (d) The Committee shall fix the Exercise Price in its discretion at the time the Option is granted, provided that the Exercise Price shall be fixed by the Committee in Canadian dollars and shall be no less than the Market Price.
- (e) At the time of grant or thereafter, the Committee may determine when an Option will vest and become exercisable and may determine that the Option shall be exercisable in instalments on such terms as to vesting or otherwise as the Committee deems advisable subject to the rules of the Stock Exchange, if any. Unless otherwise determined by the Committee, Options will vest and become exercisable, as to one third of the Options granted, on each of the first, second and third anniversaries of the Date of Grant, provided that the Participant is an Eligible Employee, Eligible Director, Consultant or Other Participant at the time of vesting.
- (f) A Participant may from time to time and at any time during the Option Period, exercise an Option to purchase all or a portion of the Option Shares which such Participant is then entitled to purchase by delivering to the Company at its registered office, a notice in writing which shall specify the number of Option Shares that the Participant desires to purchase accompanied by payment in full of the Exercise Price for such Option Shares plus any amount that the Company determines in its discretion is required to satisfy the Company's withholding tax and source deduction remittance obligations in respect of the exercise of the Options, and the acquisition of Option Shares. Payment may be made by cash, certified cheque, bank draft, money order or such electronic method of payment as may be acceptable to the Company, in each case payable to the order of the Company.
- (g) Notwithstanding the expiration provisions hereof, the expiration date of an Option will be the date fixed by the Board or Committee with respect to such Option unless such expiration date falls within a Blackout Period or within nine Business Days after a Blackout Period Expiry Date, in which case the expiration date of the Option will be the date which is ten Business Days after the Blackout Period Expiry Date. Notwithstanding anything else herein contained, the ten Business Day period referred to in this Section 8(g) may not be extended by the Board or Committee.
- (h) The obligation of the Company to issue and deliver any Common Shares in accordance with the Share Option Plan shall be subject to any necessary approval

of any stock exchange or regulatory authority having jurisdiction over the securities of the Company. If any Common Shares cannot be issued to any Participant upon the exercise of an Option for whatever reason, the obligation of the Company to issue such Common Shares shall terminate and any Exercise Price paid to the Company in respect of the exercise of such Option shall be returned to the Participant.

- (i) **Notwithstanding anything to the contrary, the Committee may in its sole discretion allow for the cashless exercise of all or a portion of the Options granted hereunder by (x) waiving the Participant's obligation to pay the Exercise Price per Option exercised, and (y) permitting the Participant to receive a cash payment (*in lieu* of Option Shares) equal to the amount, if any, by which the value of Common Shares (valued at Fair Market Value) exceeds the Exercise Price per Option exercised, in exchange for such Participant disposing of such Options to the Company.**

OTHER AWARDS PLAN

9. Other Awards, Vesting, etc.

- (a) The Other Awards Plan is hereby established for Eligible Directors, Eligible Employees, Consultants and Other Participants. The Committee shall determine the type and number of Awards that such Participant is entitled to, the term of such Awards and the vesting schedule, if applicable, of such Awards.
- (b) Each Award granted to a Participant shall be evidenced by an Award Agreement setting out terms and conditions of the Award, which terms and conditions need not be the same in each case and which terms and conditions may be changed from time to time.
- (i) ***Share Appreciation Rights***

The Committee may grant share appreciation rights to Participants in such amounts and subject to such terms and conditions as the Committee shall determine in its discretion. The grantee of a share appreciation right shall have the right, subject to the terms of the Plan and the applicable Award Agreement, to receive from the Company an amount equal to (a) the excess of the Fair Market Value of a Common Share on the date of redemption of the share appreciation right, over (b) the Fair Market Value of a Common Share as of the Date of Grant as set forth in the Award Agreement, multiplied by (c) the number of Common Shares with respect to which the share appreciation right is redeemed. Payment upon redemption of a share appreciation right may be in cash, Common Shares (valued at Fair Market Value), or any combination thereof, all as the Committee shall determine in its discretion.

(ii) ***Restricted Shares***

The Committee may grant Awards of restricted shares to Participants in such amounts and subject to such terms and conditions as the Committee may determine in its discretion, as follows:

- (A) At the time of the grant, the Committee may determine when a restricted share will become vested and may determine that the restricted share shall be vested in instalments on such terms as the Committee deems advisable. Unless otherwise provided by the Committee, restricted shares will vest as to one third of the restricted shares granted, on each of the first, second and third anniversaries of the Date of Grant, provided that the Participant is an Eligible Employee, Eligible Director, Consultant or Other Participant at the time of vesting.
- (B) Promptly after a Participant accepts an Award of restricted shares and executes an Award Agreement, the Company shall issue in the Participant's name a Certificate for the number of Common Shares granted as restricted shares. Upon the issuance of such Certificate, the Participant shall have the rights of a shareholder with respect to the restricted shares, subject to any restrictions and conditions as the Committee in its discretion may include in the applicable Award Agreement. Unless the Committee shall otherwise determine, any Certificate issued evidencing Common Shares which are restricted shares shall remain in the possession of the Company or its designated agent until such Common Shares vest and are free of any restrictions specified in the applicable Award Agreement.
- (C) Notwithstanding the restrictions on transfer and assignment of Awards provided in Section 13 of this Plan, the Committee at the time of grant may specify the date or dates (which may depend upon or be related to the attainment of performance goals and other conditions) on which the non-transferability of the restricted shares shall lapse.

(iii) ***Restricted Share Units***

The Committee may grant Awards of restricted share units to Participants in such amounts and subject to such terms and conditions as the Committee shall determine in its discretion. The restricted share units are to be credited to a notional account maintained for the Participant by the Company, or as specified by the Committee, and are subject to adjustment for normal anti-dilution events including the subdivision, consolidation or reclassification of the outstanding Common Shares. In the event that the Company declares a dividend on the Common Shares, dividend

equivalents may be awarded by the granting of additional restricted share units credited to the Participant in the Participant's account. A Participant who is granted a restricted share unit will have only the rights of a general unsecured creditor of the Company until payment of Common Shares, cash or other securities or property is made as specified in the applicable Award Agreement. On the payment date, the Participant of each restricted share unit not previously forfeited under the terms of the applicable Award Agreement shall receive Common Shares, cash, securities or other property equal in value to the Common Shares or a combination thereof, as specified by the Committee and set out in the applicable Award Agreement.

(iv) ***Deferred Share Units***

The Committee may grant Awards of deferred share units in the form of units each convertible into one Common Share, in such amounts and subject to such terms and conditions at the Committee shall determine in its discretion. The deferred share units are to be credited to a notional account maintained for the Participant by the Company, or as specified by the Committee, and are subject to adjustment for normal anti-dilution events including the subdivision, consolidation or reclassification of the outstanding Common Shares. In the event that the Company declares a dividend on the Common Shares, dividend equivalents may be awarded by the granting of additional deferred share units credited to the Participant in the Participant's account. A Participant who is granted deferred share units will have only rights of an unsecured creditor of the Company until such time as payment in Common Shares or cash is made as specified under the applicable Award Agreement. Subject to the provisions of Sections 17 and 18, a Participant is only entitled to payment in respect of the deferred share units when the Participant ceases to be an employee or director of the Company or any Affiliate thereof for any reason. At the time of grant, the Committee shall determine whether the deferred share units shall be redeemed for: (i) Common Shares only, or (ii) at the option of the Participant, Common Shares or the redemption value determined in accordance with the applicable Award Agreement of the deferred share units.

(v) ***Performance Shares and Performance Share Units***

The Committee may grant Awards of performance shares to Participants in the form of (a) Common Shares or (b) performance share units, in such amounts and subject to such terms and conditions as the Committee shall determine in its discretion. A Participant who is granted a performance share unit will have only the rights of a general unsecured creditor of the Company until payment of Common Shares, cash or other securities or property is made as specified in the applicable Award Agreement. In the event that a Certificate is issued in respect of an Award of performance

shares in the form of Common Shares, such Certificate shall be registered in the name of the Participant but shall be held by the Company or its designated agent until the time the performance shares are earned and become vested in accordance with the terms of the applicable Award Agreement. The Committee shall determine in its sole discretion whether performance share units shall be settled in Common Shares, cash, securities or other property, or a combination thereof.

(vi) ***Other Equity-Based Awards***

The Committee may grant other types of equity-based or equity-related Awards to Participants (including the grant of unrestricted Common Shares) in such amounts and subject to such terms and conditions as the Committee shall in its discretion determine. Such Awards may entail the transfer of actual Common Shares to Participants, or payment in cash or otherwise of amounts based on the value of Common Shares, and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of foreign jurisdictions.

GENERAL

10. Withholding of Tax

If the Company determines that under the requirements of applicable taxation laws it is obliged to withhold for remittance to a taxing authority any amount whatsoever in connection with this Plan, any Option or Award or the issuance of any Common Shares, the Company may take such steps for the deduction, withholding and remittance of such amounts. Without limiting the generality of the foregoing, the Company may, as a condition of issuing the Common Shares on the exercise of an Option, require the Participant to pay to the Company, in addition to and in the same manner and at the same time as the payment of the Exercise Price for the Common Shares, such amount as the Company is obliged to remit to such taxing authority in respect of the issuance of the Common Shares. Other methods of satisfying the withholding and remittance requirements in respect of Options and Awards include: (a) withholding the amount required to be remitted from cash remuneration or other amounts payable to the Participant, whether or not related to the Plan; (b) allowing the Participant to make a cash payment to the Company equal to the amount required to be remitted, which amount shall be remitted by the Company for the account of the Participant; and (c) sell, on behalf of the Participant, that number of Common Shares to be issued such that the amount withheld by the Company from the proceeds of such sale will be sufficient to satisfy any amounts required to be remitted by the Company for the account of the Participant. Where the Company considers that the steps undertaken in connection with the foregoing result in inadequate withholding or a late remittance of taxes, the delivery of any Common Shares to be issued to a Participant may be made conditional on the Participant (or other Person) reimbursing the Company or making arrangements satisfactory to the Company for the payment in a timely manner of all amounts required to be remitted for the account of the Participant.

11. Adjustment in Shares

- (a) The number of Common Shares subject to this Plan, the number of Common Shares available under Awards or Options granted and the Exercise Price and/or cash value allocated to Awards shall be adjusted from time to time, in such manner and by such procedure deemed appropriate by the Committee, subject to applicable law and the applicable rules and policies of the stock exchange to reflect adjustments in the number of Common Shares arising as a result of rights offering, consolidation, subdivision or reclassification of Common Shares, the payment of stock dividends by the Company or other relevant changes in the authorized or issued capital of the Company.
- (b) [Intentionally deleted.]
- (c) In the event of a change in the Company's currently authorized Common Shares which is limited to a change in the designation thereof, the common shares resulting from any such change shall be deemed to be Common Shares within the meaning of the Plan.
- (d) In the event of any other change affecting the Common Shares, such adjustment, if any, shall be made as may be deemed equitable by the Committee to properly reflect such event.
- (e) No fractional Common Shares shall be issued on the redemption or exercise of an Award or the exercise of an Option. Accordingly, if, as a result of any adjustment under this Section 11, a Participant would become entitled to a fractional Common Share, the Participant shall have the right to acquire only the adjusted number of full Common Shares and no payment or other adjustment will be made with respect to the fractional Common Shares so disregarded.
- (f) No provision of this Section 11 shall be given effect to the extent that such provision would cause any Award or Option to be in violation of Section 409A.

12. Required Consents

- (a) If the Committee shall at any time determine that any consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the granting of any Award or Option, the issuance of Common Shares or the delivery of any cash, securities or other property under the Plan, or the taking of any other action thereunder (each such action being hereinafter referred to as a "plan action"), then such plan action shall not be taken, in whole or in part, unless and until such consent shall have been effected or obtained to the full satisfaction of the Committee.
- (b) The term "consent" as used herein with respect to any plan action includes (i) any and all listings, registrations or qualifications in respect thereof upon any stock exchange or under any applicable law, rule or regulation, (ii) any and all written agreements and representations by the grantee with respect to the disposition of

shares, or with respect to any other matter, which the Committee shall deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made and (iii) any and all other consents, clearances and approvals in respect of a plan action by any governmental or other regulatory body or any stock exchange or self-regulatory agency having jurisdiction.

13. Transfer and Assignment

Except to the extent otherwise provided in the applicable Award or Option Agreement, no Award or Option or right granted to any Person under the Plan shall be sold, exchanged, transferred, assigned, pledged, hypothecated or otherwise disposed of (including through the use of any cash-settled instrument) other than by will or by the laws of descent and distribution in accordance with Section 14, and all such Awards, Options and rights shall be exercisable during the life of the grantee only by the grantee or the grantee's legal representative. Notwithstanding the immediately preceding sentence, the Committee may permit, under such terms and conditions that it deems appropriate in its sole discretion, a grantee to transfer any Award (other than Options) to any Person that the Committee so determines.

14. Effect of Death.

If a Participant or, in the case of an Other Participant which is not an individual, the primary individual providing services to the Company or Designated Affiliates on behalf of the Other Participant, shall die, any Option or Award that would have vested within 12 months after the date of such death of the Participant or Other Participant shall vest immediately before the time of death notwithstanding Sections 8(e) and 9(b)(ii)(A), respectively, and such vested Options and Awards may devolve upon the Person or Persons to whom the rights of the Optionee or Award holder under the Option or Award pass by the will of the Optionee or Award holder or the laws of descent and distribution.

15. Employment and Board Position Non-Contractual

The granting of an Award or Option to a Participant under this Plan does not confer upon the Participant any right to continue as an Eligible Employee, Eligible Director, Consultant or Other Participant, as the case may be, nor does it interfere in any way with the right of the Participant or the Company to terminate the Participant's employment or a Consulting Contract at any time, or the shareholders' right to elect or remove Directors.

16. Administration of Plan

- (a) The Plan shall be administered by the Committee. Subject to any limitations of the Plan and regulatory requirements the Committee shall have full authority to administer the Plan including the authority to interpret and construe any provision of the Plan and to adopt, amend and rescind such rules and regulations for administering the Plan as the Committee may deem necessary or desirable in order to comply with the requirements of the Plan. Subject to the power and authority of

the Board, all actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Company, all Participants and all other Persons affected thereby. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with the Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Company with respect to any such action taken or determination or interpretation made. The appropriate officers of the Company are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary or desirable for the implementation of the Plan and of the rules and regulations established for administering the Plan. All costs incurred in connection with the Plan shall be for the account of the Company.

- (b) The day to day administration of this Plan may be delegated to such officers and employees as the Committee shall determine.

17. Acceleration on Take-over Bid, Consolidation, Merger, etc.

Subject to any action by the Committee under Section 18, in the event that:

- (a) the Company seeks or intends to seek approval from the shareholders of the Company for a transaction which, if completed, would constitute an Acceleration Event (as defined below); or
- (b) a Person makes a *bona fide* offer or proposal to the Company or the shareholders of the Company which, if accepted or completed, would constitute an Acceleration Event,

(either of (a) or (b) being a “**Proposed Transaction**”) (i) the Company shall give written notice of the Proposed Transaction (the “**Acceleration Notice**”) to all Participants holding outstanding Options or Awards as soon as practicable, (ii) the Company shall notwithstanding any vesting ~~schedule~~**conditions** applicable to any Option or Award or Sections 8(e) or 9(b)(ii)(A) hereof, accelerate the vesting of all outstanding Options and Awards, remove any other pre-conditions or restrictions on the exercise or redemption of such Options and Awards and accelerate the redemption date of Awards as applicable (such acceleration and removal to be conditional upon completion of the Proposed Transaction), such that all outstanding Options and Awards shall become immediately exercisable or redeemable (provided that any exercise or redemption is to be conditional upon the completion of the Proposed Transaction) during the period specified in the Acceleration Notice (but in no event later than the applicable expiry date of an Option or Award) so that the Participants may participate in or benefit from the Proposed Transaction; and (iii) the Committee may accelerate the ~~expiry dates~~**vesting** of all outstanding Options and Awards ~~and, including~~ the time for the fulfillment of any conditions or restrictions on the exercise or redemption of the Options and Awards. In addition, if, as a result of or in connection with a contested election of Directors, the nominees named in the most recent management information circular of the Company for election to the Board shall not constitute a majority of

the Board, the Company shall, immediately prior to the happening of such event, accelerate the redemption of all outstanding Performance-Based Incentives to the extent the performance/service condition has been met.

The Acceleration Notice shall include such information as is required by an Award Agreement in respect of an Award affected by this Section 17.

An Acceleration Event means:

- (a) the acquisition by any “offeror” (as defined in Section 89 of the *Securities Act* (Ontario)) as of the date hereof) of beneficial ownership of more than 50% of the votes attached to the outstanding voting securities of the Company, by means of a take-over bid or otherwise;
- (b) any consolidation, merger, statutory amalgamation or arrangement involving the Company and pursuant to which the Company will not be the continuing or surviving corporation or pursuant to which the Common Shares will be converted into cash or securities or property of another entity, other than a transaction involving the Company and in which the shareholders of the Company immediately prior to the completion of the transaction will have the same proportionate ownership of the surviving corporation immediately after the completion of the transaction;
- (c) a separation of the business of the Company into two or more entities that are not Subsidiaries of the Company;
- (d) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to another entity other than a sale, lease, exchange or other transfer to a Subsidiary of the Company; or
- (e) the approval by the shareholders of the Company of any plan of liquidation or dissolution of the Company.

Notwithstanding the foregoing, except as provided in Section 409A, no acceleration of time or schedule of any payment to a U.S. Participant is permitted under this Plan.

18. Proposed Transaction - Securities Exchange.

In the event of a Proposed Transaction, the Committee may send notice to all Participants requiring them to exchange their Options or Awards for replacement options or awards and such Participants shall be deemed to have exchanged such Options or Awards on the date specified in such notice without further formality, provided that:

- (a) the Committee delivers with such notice an irrevocable and unconditional offer by the acquiror to grant replacement options or awards to Participants;

- (b) the Committee has determined, in good faith, that such replacement options or awards have substantially the same economic value as the Options or Awards being exchanged;
- (c) the exchange of Options or Awards for replacement options or awards can be effected on a tax-deferred basis under the *Income Tax Act* (Canada) and the *United States Internal Revenue Code*, as applicable; and
- (d) for U.S. Participants, the surrender of Options and Awards and the granting of replacement options and awards shall not be in violation of Section 409A.

19. Notices

All written notices to be given by the Participant to the Company may be delivered personally or by registered mail, postage prepaid, addressed as follows:

Royal Nickel Corporation

141 Adelaide Street West, Suite 1608
Toronto, Ontario
M5J 3L5

Attention: Chief Financial Officer

Any notice given by the Participant pursuant to the terms of the Option or Award shall not be effective until actually received by the Company at the above address. Any notice to be given to the Participant shall be sufficiently given if delivered personally or by postage prepaid mail to the last address of the Participant on the records of the Company and shall be effective seven days after mailing.

20. Corporate Action

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

21. Termination of Options and Awards under the Plan

- (a) If (X) a Participant's employment with the Company terminates, whether for or without cause and whether with or without reasonable notice or any reason whatsoever including death, or (Y) a Participant who is an Eligible Director, Consultant or Other Participant for any reason whatsoever including death ceases to be an Eligible Director, Consultant or Other Participant, as the case may be (each a "**Termination**"), the termination date of such Participant (the "**Termination Date**") shall be determined as follows: (i) in the case of death, the Termination Date shall be the date of death; (ii) in the case of a termination of employment, the Termination Date shall be the effective date of such termination

as determined by the Committee in its discretion and shall not be the date any reasonable notice would expire in the case of termination by the Company; and (iii) in the case of a Participant who is an Eligible Director, Consultant or Other Participant, the Termination Date shall be the date such Participant ceases to be an Eligible Director, Consultant or Other Participant, as the case may be, as determined by the Committee in its discretion.

(b) Subject to: (x) any express provision included in an employment/termination agreement entered into with an Optionee with respect to an Option, which shall in no case provide for an exercise period beyond 12 months from the Termination Date, or (y) any other determination made by the Board at the time of the termination, if such Termination is due to:

- (i) (A) normal retirement under the Company's then existing policies; (B) early retirement at the request of the Company; (C) death; or (D) disability, then there shall be either (w) immediate vesting of all Options and Awards in the specified circumstances where such immediate vesting has been expressly provided for in the employment/termination agreement for a Participant, or (x) immediate vesting of the Options or Awards that would otherwise have vested in the 12 month period following the Termination Date in all other cases, and all other Options or Awards shall expire or be forfeited, as the case may be as of the Termination Date. Restricted shares that have vested as of the Termination Date shall cease to be subject to the restrictions in the applicable Award Agreement. All Options or Awards (other than an award of restricted shares) that have vested as of the Termination Date shall be exercisable or redeemed during the period which is the shorter of: (x) the remainder of the applicable Option Period (or other applicable period in respect of Awards); and (y) 180 days after the Termination Date, after which period, such Options or Awards may no longer vest or be exercised or redeemed and will be deemed to be forfeited, as the case may be; or
- (ii) any reason other than those specified in item (i) (A) to (D), inclusive, then there shall be either (w) immediate vesting of all Options and Awards or immediate vesting of the Options and Awards that would otherwise have vested in the 90 days following the Termination Date, as applicable, in the specified circumstances where such immediate vesting has been expressly provided for in the employment/termination agreement for a Participant, or (x) no accelerated vesting of the Options and Awards in all other cases, and all other Options or Awards that have not vested as of the Termination Date shall expire or be forfeited, as the case may be as of the Termination Date. Restricted shares that have vested as of the Termination Date shall cease, as of the applicable Termination Date, to be subject to the restrictions in the applicable Award Agreement, and all Options and Awards (other than an award of restricted shares) that have vested as of the Termination Date shall be exercisable or redeemed, as the case may be, during the period which is the shorter of: (y) the remainder of the

applicable Option Period (or other applicable period in respect of Awards), and (z) 90 days after the Termination Date, after which period, the Options and/or Awards may no longer be exercised or redeemed and will be deemed to be forfeited, as the case may be.

22. Amendment or Termination of the Plan

- (a) Subject to Section 22(c), the Committee may amend, suspend or terminate the Plan, or any portion thereof, at any time, provided that no such amendment, suspension or termination may:
 - (1) be made without obtaining any required regulatory approvals; or
 - (2) adversely affect the rights of any Optionee or holder of an Award who holds an Option or Award at the time of any such amendment, without the consent of the affected Optionee or Award holder.
- (b) Without limiting the generality of the foregoing, the Committee may from time to time, in the absolute discretion of the Committee and without shareholder approval, make the following amendments to the Plan or any Option or Award granted under the Plan:
 - (1) an amendment to the purchase price of any Option or Award, unless the amendment is a reduction in the purchase price of an Option or Award ~~benefitting an Insider~~ to a price below the purchase price applicable to such Option or Award determined at the Date of Grant (including a cancellation and re-grant of an Option at a lower price ~~less than three months after the related cancellation~~);
 - (2) an amendment to the termination provisions of the Plan or any Option or Award, provided such amendment does not extend the expiry date or term of the Option or Award beyond the expiry date or term determined at the Date of Grant;
 - (3) an amendment to the vesting provisions of the Plan and any Option Agreement or Award Agreement granted under the Plan;
 - (4) an amendment to provide or modify a cashless exercise feature to an Option or the Plan, whether or not there is a full deduction of the number of underlying Common Shares from the total number of Common Shares available for issuance under the Plan;

- (5) an addition to, deletion from or alteration of the Plan or an Option or Award that is necessary to comply with applicable law or the requirements of any regulatory authority or the Stock Exchange;
 - (6) any amendment of a “housekeeping” nature, including, without limitation, amending the wording of any provision of this Plan for the purpose of clarifying the meaning of existing provisions, to correct or supplement any provision of this Plan that is inconsistent with any other provision of this Plan, to correct grammatical or typographical errors, or to amend the definitions contained within this Plan respecting the administration of the Plan;
 - (7) any amendment respecting the administration of this Plan; and
 - (8) any other amendment, whether fundamental or otherwise, that does not require shareholder approval under Section 22(c) or under applicable law or the requirements of any regulatory authority or the Stock Exchange.
- (c) Shareholder approval will be required for the following amendments to the Plan or any Option or Award granted under the Plan:
- (1) any increase to the maximum number of Common Shares issuable, either as a fixed number or a fixed percentage of the Company’s outstanding Common Shares;
 - (2) any amendment to remove or exceed the Insider participation limit;
 - (3) any amendment to an amending provision within the Plan;
 - (4) any reduction in the purchase price of an Option or Award ~~benefitting an Insider~~ to a price below the purchase price applicable to such Option or Award determined at the Date of Grant ~~(but excluding, for greater clarity, a cancellation and re-grant of an Option at a lower price where the re-grant occurs at least three months after the related cancellation)~~; and
 - (5) any extension of the expiry date or term of an Option or Award benefitting an Insider beyond the expiry date or term determined at the Date of Grant.

23. Governing Law

This Plan is established under the laws of Ontario and the rights of all parties and the construction and effect of each provision of this Plan shall be according to the laws of Ontario and the laws of Canada applicable in Ontario.

24. Government Regulation

The Company's obligation to issue and deliver Common Shares under any Option or Award is subject to:

- (a) the satisfaction of all requirements under applicable securities law in respect thereof and obtaining all regulatory approvals as the Company shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Common Shares to listing on any stock exchange in Canada or the United States on which Common Shares may then be listed; and
- (c) the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Common Shares as the Company determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this connection, the Company shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares in compliance with applicable securities laws and for the listing of such Common Shares on a stock exchange in Canada or the United States on which the Common Shares are then listed.

25. Approvals

This Plan shall be subject to shareholder approval and acceptance by the Stock Exchange in compliance with all conditions imposed by the Stock Exchange. Any Awards or Options granted prior to such acceptance shall be conditional upon such acceptance being given and any conditions complied with and no Options or Awards may be exercised unless such acceptance is given and such conditions are complied with.

26. Unfunded and Unsecured Plan

The Plan shall be unfunded and the Company will not secure any of its obligations under the Plan.

27. Internal Revenue Code Section 409A

For any Options or Awards granted under this Plan to U.S. Participants, nothing in this Plan (or administration thereof) nor any such Options or Awards are intended to violate or shall be construed in a manner that would result in a violation of Section 409A.

28. Independent Advice

By accepting an Option or Award, each Participant shall be deemed to have acknowledged that he or she has been advised to retain independent legal, tax and financial advisors at his or her own expense and agreed that any failure on his or her part to retain legal, tax or financial advisors shall not affect the validity of this Plan.

APPENDIX A

PROVISIONS APPLICABLE TO GRANTS OF DEFERRED SHARE UNITS TO U.S. PARTICIPANTS

- A-1. **Purpose and Application.** The purposes of this Appendix A to the Royal Nickel Corporation Deferred Share Unit Agreement pursuant to the Royal Nickel Corporation 2010 Share Incentive Plan (the “**Plan**”) is to modify, supersede and supplement the terms of the DSU Agreement and the Plan as they relate to certain amendments required or permitted under certain provisions of the American Jobs Creation Act (“**AJCA**”). This Appendix is intended as good faith compliance with the requirements of AJCA and is to be construed in accordance with Section 409A of the Internal Revenue Code (the “**Code**”), Internal Revenue Service (“**IRS**”) Notice 2005-1, final Treasury Regulations to Section 409A, and additional guidance by the IRS, as these may be amended from time to time (collectively, “**Section 409A**”).

The provisions of this Appendix apply only to Participants who are citizens or residents of the United States or otherwise subject to United States personal taxation (“**U.S. Participants**”) effective as of June 3, 2010, and will supersede the provisions of the DSU Agreement and the Plan with respect to U.S. Participant to the extent those provisions are inconsistent with the provisions of this Appendix.

- A-2. **Disability.** The following definition of Disability shall apply to U.S. Participants:

“**Disability**” shall have the meaning set forth in Section 409A.

- A-3. **Termination of Employment/Termination Date.** Termination of Employment for a U.S. Participant shall have the meaning of “separation from service” for the purposes of Section 409A. Termination Date for a U.S. Participant shall be the date a “separation from service” for purposes of Section 409A occurs. If any difference shall arise between Termination of Employment and “separation from service”, the Section 409A definition shall prevail. Where this is the case, the shares transferred to the Participant in settlement of the DSU Award shall be newly-issued.

- A-4. **Deferral Election.** The following paragraph shall be incorporated in Section 1 (“Issuance of Deferred Share Units”) of the DSU Agreement entered into by a U.S. Participant:

The grant of Deferred Share Units that result from deferrals of the director’s fees shall also be subject to the U.S. Participant’s duly filing with the Committee of a “Deferral Election” substantially in the form presented in the attached appendix.

- A-5. **Timing of Deferral Election.**

- (1) For the first year of the DSU Agreement and the Plan or the first year of participation, as of the effective date of the DSU Agreement and the Plan,

Participants who wish to defer their director's fees must file their Deferral Elections with the Committee within 30 days after becoming an "eligible participant" in the Plan, as defined by Section 409A (taking into account plans that are required to be aggregated for the purposes of Section 409A).

- (2) For any subsequent year, executives who wish to be Participants must file their Deferral Election with the Committee no later than December 31st prior to the start of the year during which the director's fees to which such election shall apply will be earned.
- (3) Such election shall be an "initial deferral election" for the purposes of Section 409A and shall only apply to director's fees not yet earned. No subsequent deferral elections are permitted under the DSU Agreement and the Plan.

A-6. **Distribution Date.** The following definition of Distribution Date shall apply to U.S. Participants in lieu of any reference to a settlement/payment/distribution/redemption date under the DSU Agreement and the Plan (as applicable to Deferred Share Unit Awards):

"**Distribution Date**" with respect to a U.S. Participant to whom a Termination Date has occurred will be within 30 days from the Termination Date, and the service provider shall not have a right to designate the taxable year of the payment.

A template of Deferral Election is attached in the appendix.

A-7. **Amount of Deferral.** The following paragraph shall be incorporated in Section 6 ("Vesting; Acceleration") of the DSU Agreement entered into by a U.S. Participant:

Each Participant who is a U.S. Participant will receive all of his or her director's fees in form of DSUs, to the extent such Participant has made the "Deferral Election" specified in the attached appendix.

A-8. **Delay of Settlement of Deferred Share Units for U.S. Participant "Key Employees".** Notwithstanding any other provision of the Plan or this Appendix, if the Company determines that the U.S. Participant is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code and any subsequent regulatory guidance issued under Section 409A, at the time the U.S. Participant's benefits become payable, to the extent necessary to avoid application of any adverse tax consequences of Section 409A, any payment due during the six months immediately following the U.S. Participant's separation from service shall be withheld and paid on the day that is six months and one day after the U.S. Participant's separation from service.

A-9. **No Acceleration of Payments.** The following paragraph shall be incorporated in Section 17 ("Acceleration, Take-over Bid, Consolidation, Merger etc.") of the Plan:

Except as provided in Section 409A, no acceleration of time or schedule of any payment to a U.S. Participant is permitted under the Plan.

A-10. Section 409A compliance.

(1) The DSU Agreement and the Plan provisions applicable to Deferred Share Unit Awards, and the administration thereof, are intended to be in compliance with the requirements of Section 409A. Nothing in the DSU Agreement, the Plan provisions applicable to Deferred Share Unit Awards, or an amendment thereof, shall be construed as causing the DSU Award to be in violation of the requirements of Section 409A. The DSU Agreement and the Plan shall all times be administered without causing a violation of the requirements of Section 409A.

(2) The following paragraph shall be added as paragraph (f) to Section 11 (“Adjustment in Shares”) of the Plan:

No provision of this Section 11 shall be given effect to the extent that such provision would cause any Award to be in violation of Section 409A.

(3) The following paragraph shall be added as paragraph (d) to Section 18 (“Securities Exchange Take-over Bid”) of the Plan:

The surrender of Options or Awards and the granting of surrender options or awards shall not be in violation of Section 409A.

**ROYAL NICKEL CORPORATION
DEFERRED SHARE UNIT AGREEMENT**

**DEFERRAL ELECTIONS
U.S. PARTICIPANTS**

1. In accordance with the DSU Agreement and the Plan, I hereby elect to receive a portion of my director's fees in the form of Deferred Share Units. I elect to receive my director's fees as follows with such election to be effective immediately and unless and until it is changed in accordance with the terms of the DSU Agreement:
 - 1.1 Director's fees:
 - (a) _____ in Deferred Share Units; and
 - (b) _____ in cash.
2. The Distribution of my Deferred Share Units (less any tax withholdings the Company may be required to make under applicable tax laws) will be made in a lump sum within 30 days from the Termination Date, as determined by the Company, in accordance with the terms of the DSU Agreement.
3. I understand that if I am a "specified employee" for the purposes of Section 409A, Distribution will take place six months and one day after my Termination Date.
4. I confirm that:
 - (a) I have received and reviewed a copy of the DSU Agreement and the Plan and agree to be bound by it;
 - (b) I understand that this Deferral Election is subject to the terms and conditions set forth in the DSU Agreement, and that all capitalized terms and undefined terms in this Deferral Election have the meanings attributed to them in the DSU Agreement and the Plan.
 - (c) I understand and agree that this election is irrevocable for the _____ taxable year;
 - (d) I understand that this election to defer compensation is subject to Section 409A. Any portion of this agreement which is not in conformity with the aforementioned will be null and void.

Date: _____

PARTICIPANT

Signature of Participant

Name:

Title:

Date:

