



Suite 510, 840 – 6th Avenue SW, Calgary, Alberta T2P 3E5

NOTICE OF ANNUAL & SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the annual and special meeting of the shareholders (the "**Meeting**") of TITANIUM CORPORATION INC. (the "**Company**") will be held at the Toronto Board of Trade, 1 First Canadian Place, Suite 350, Toronto, Ontario on Thursday, February 12, 2015 at 10:00 a.m. (Toronto time) for the following purposes:

- (a) fixing the number of directors to be elected at the Meeting at six (6);
- (b) the election of directors of the Company;
- (c) the appointment of auditors and the authorization of the directors of the Company to fix the auditors' remuneration;
- (d) to consider, and if thought advisable, ratify, confirm and approve the stock option plan of the Company;
- (e) to consider, and if thought advisable, ratify, confirm and approve the amendments to the deferred share unit plan of the Company and confirm the deferred share unit plan of the Company, as amended;
- (f) to consider, and if thought advisable, ratify, confirm and approve the amendments to the restricted share unit plan of the Company and confirm the restricted share unit plan of the Company, as amended; and
- (g) to consider any amendment or variation of the above matters or any other matter that may be brought before the Meeting or any adjournment or adjournments thereof in such manner as such proxy, in such proxyholder's sole judgment, may determine.

The specific details of the matters proposed to be put before the Meeting are set forth in the management information circular of the Company dated January 8, 2015 (the "**Circular**").

The board of directors of the Company has determined that shareholders registered on the books of the Company at the close of business on January 8, 2015 are entitled to notice of the Meeting and to vote at the Meeting.

Shareholders of the Company who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy and return it in the enclosed envelope. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the Company's registrar and transfer agent, Equity Financial Trust Company, not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of the Meeting or any adjournment thereof. Registered shareholders of the Company may revoke their proxies by the deposit of an instrument in writing at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or with the chairman of such Meeting on the day of the Meeting or any adjournment thereof or in any other manner permitted by law.

DATED this 8th day of January, 2015.

BY ORDER OF THE BOARD

"Gordon Pridham"

Gordon Pridham
Chairman



MANAGEMENT INFORMATION CIRCULAR

DATED JANUARY 8, 2015

SOLICITATION OF PROXIES

This management information circular (the "**Circular**") is furnished in connection with the solicitation of proxies by or on behalf of the management (the "**Management**") of Titanium Corporation Inc. (hereinafter referred to as the "**Company**" or "**Titanium**") to be used at the annual and special meeting (the "**Meeting**") of the holders ("**Shareholder**") of common shares of the Company ("**Shares**") to be held at the Toronto Board of Trade, 1 First Canadian Place, Suite 350, Toronto, Ontario on February 12, 2015 at 10:00 a.m. (Toronto time) and at any adjournment or adjournments thereof for the purposes set forth in the notice of the Meeting. The solicitation of proxies will be primarily by mail. Proxies may also be solicited by the directors or officers of the Company at nominal cost. Arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Shares held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The cost of solicitation by or on behalf of Management will be borne by the Company. Unless otherwise specified, all information set forth herein is as at January 8, 2015.

APPOINTMENT, REVOCATION AND DEPOSIT OF PROXIES

The persons named in the enclosed form of proxy are officers and/or directors or nominees of Management. **A SHAREHOLDER HAS THE RIGHT TO APPOINT ANY OTHER PERSON TO REPRESENT HIM OR HER AT THE MEETING OR ANY ADJOURNMENT THEREOF AND MAY DO SO BY INSERTING IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY THE NAME OF THE PERSON, WHO NEED NOT BE A SHAREHOLDER, WHOM HE OR SHE WISHES TO APPOINT, OR BY COMPLETING ANOTHER FORM OF PROXY.** In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the Company's registrar and transfer agent, Equity Financial Trust Company ("**Equity**"), not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of the Meeting or any adjournment thereof. A Shareholder executing the enclosed form of proxy has the power to revoke it at any time before it is exercised. The *Canada Business Corporations Act* (the "**CBCA**") sets out a procedure for revoking proxies by the deposit of an instrument in writing at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or with the chairman of such Meeting on the day of the Meeting or any adjournment thereof or in any other manner permitted by law.

A registered Shareholder attending the Meeting has the right to vote in person and if he or she does so, his or her proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

ADVICE TO BENEFICIAL SHAREHOLDERS

Only registered Shareholders and proxies deposited by registered Shareholders, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Shares beneficially owned by a holder (a "**Non Registered Holder**") are registered in the name of an intermediary (an "**Intermediary**") that the Non Registered Holder deals with in respect of such Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, TFSAs and similar plans. In accordance with the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") of the Canadian Securities Administrators, the Company has distributed copies of the notice of the Meeting, this Circular and the form of proxy (collectively, the "**meeting materials**") to the Intermediaries for onward distribution to Non Registered Holders. The meeting materials are being sent to both registered Shareholders and Non Registered Holders. If you are a Non Registered Holder, and the Company or its agent

has sent these materials directly to you, your name and address and information about your Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary who holds your Shares on your behalf.

Shares held by Intermediaries can only be voted upon the instructions of the Non Registered Holders. Intermediaries are required to seek voting instructions from Non Registered Holders in advance of the Meeting. Each Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non Registered Holders to ensure that their Shares are voted at the Meeting. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Without specific instructions, Intermediaries are prohibited from voting shares for their clients. The directors and officers of Titanium do not know for whose benefit the Shares registered in the name of Intermediaries are held.

The Company is taking advantage of those provisions of NI 54-101, which permit the Company to deliver proxy-related materials directly to its Non Registered Holders who do not object to the Company knowing who they are ("**NOBOs**"). As a result, NOBOs can expect to receive a scannable voting instruction form ("**VIF**") from Equity. These VIFs are to be completed and returned to Equity as set out in the instructions provided on the VIF. Equity will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs it receives. By choosing to send these materials to you directly, the Company (and not the Intermediary holding your Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in your request for voting instructions that you receive.

Other Non Registered Holders who have not waived the right to receive meeting materials may be given a proxy which is restricted as to the number of Shares beneficially owned by the Non Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non Registered Holder. Often, the form of proxy supplied to a Non Registered Holder by its Intermediary is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholders how to vote on behalf of the Non Registered Holder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the Non Registered Holders and asks Non Registered Holders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. **A Non Registered Holder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the shares voted.**

This Circular and accompanying materials are being sent to both registered Shareholders and Non Registered Holders. The Company does not send proxy-related materials directly to Non Registered Holders and is not relying on the notice-and-access provisions of securities laws for delivery to holders of Shares. The Company will deliver proxy-related materials to nominees, custodians and fiduciaries and they will be asked to promptly forward them to Non Registered Holders. If you are a Non Registered Holder, your nominee should send you a voting instruction form or proxy form along with this Circular. The Company has elected to pay for the delivery of our proxy-related materials to objecting Non Registered Holders.

The purpose of these procedures is to permit Non Registered Holders to direct the voting of the Shares they beneficially own. Should a Non Registered Holder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non Registered Holder), the Non Registered Holder should strike out the names of the persons named in the proxy and insert the Non Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding directions. **In either case, Non Registered Holders should carefully follow the instructions of their Intermediaries and their service companies. It is important that the voting instruction form or form of proxy be received by the Intermediary or its agent sufficiently in advance of the deadline of 10:00 a.m. (Toronto time) on January 8, 2015 to enable the Intermediary or its agent to provide voting instructions on your behalf before the deadline.**

All references to Shareholders in this Circular and the accompanying form of proxy and notice of the Meeting are to Shareholders of record unless specifically stated otherwise.

MANNER OF VOTING AND EXERCISE OF DISCRETION BY PROXIES

All Shares represented by properly executed proxies received by the Company in a timely fashion will be voted at the Meeting in accordance with the instructions of the Shareholders appointing them. If a choice is specified in respect of any matter to be acted upon, the Shares will be voted accordingly. **IN THE ABSENCE OF SUCH DIRECTION, THE SHARES WILL BE VOTED "FOR" IN REGARDS TO THE FOLLOWING MATTERS:**

- (a) fixing the number of directors to be elected at the Meeting at six (6);
- (b) the election of directors of the Company;
- (c) the appointment of auditors and the authorization of the directors of the Company to fix the auditors' remuneration;
- (d) to consider, and if thought advisable, ratify, confirm and approve the stock option plan of the Company;
- (e) to consider, and if thought advisable, ratify, confirm and approve the amendments to the deferred share unit plan of the Company (the "**DSU Plan**") and confirm the DSU Plan, as amended;
- (f) to consider, and if thought advisable, ratify, confirm and approve the amendments to the restricted share unit plan of the Company (the "**RSU Plan**") and confirm the RSU Plan, as amended; and
- (g) to consider any amendment or variation of the above matters or any other matter that may be brought before the Meeting or any adjournment or adjournments thereof in such manner as such proxy, in such proxyholder's sole judgment, may determine.

THE ENCLOSED FORM OF PROXY, WHEN PROPERLY EXECUTED, CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO ALL AMENDMENTS OR VARIATIONS TO MATTERS IDENTIFIED IN THE NOTICE OF THE MEETING OR OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING. **HOWEVER, IF ANY SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS WHICH ARE NOT NOW KNOWN TO MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXIES HEREBY SOLICITED WILL BE VOTED THEREON IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSON OR PERSONS VOTING SUCH PROXIES.** As of the date hereof, Management knows of no such amendments, variations or any other such matters.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at January 8, 2015, the Company had 64,425,040 Shares issued and outstanding. Each Share carries the right to one vote at the Meeting.

The Company has fixed the close of business on January 8, 2015 as the record date for the purpose of determining Shareholders entitled to receive notice of the Meeting. All Shareholders of record as at the close of business on the record date will be entitled to vote at the Meeting and at all adjournments thereof.

To the knowledge of the directors and officers of the Company, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company. The officers and directors of the Company together beneficially own, directly or indirectly, or exercise control or direction over, Shares carrying approximately 15% of the votes attached to the Shares.

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

The current directors and officers of the Company and their associates and affiliates may have a material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in a matter to be acted upon at the Meeting as they will be potential recipients of stock options, deferred share units and restricted share units. See "*Particulars of Matters to be Acted Upon – Annual Approval of Stock Option Plan*", "*Particulars of Matters to be Acted Upon –*

Approval of Amendments to the DSU Plan and Confirmation of the DSU Plan" and "Particulars of Matters to be Acted Upon – Approval of Amendments to the RSU Plan and Confirmation of the RSU Plan".

PARTICULARS OF MATTERS TO BE ACTED UPON

Financial Statements

The audited comparative financial statements of the Company for the fiscal years ended August 31, 2014 and 2013 and the reports of the auditors on those financial statements will be presented by management. No formal action will be taken at the Meeting to approve the financial statements. The board of directors of the Company (the "**Board**") approved the financial statements upon the recommendation of the audit committee of the Board (the "**Audit Committee**") prior to their delivery.

Election of Directors

The articles of the Company currently provide that the Board shall consist of a minimum of three (3) and a maximum of fifteen (15) directors. At the Meeting, Shareholders will be asked to fix the number of directors to be elected at the Meeting at six (6) members and to elect six (6) directors to hold office until the next annual meeting or until their successors are elected or appointed. There are currently six (6) directors of the Company, each of whom retires from office at the Meeting.

In the event that, prior to the Meeting, any vacancies occur in the slate of nominees appearing below, it is intended that discretionary authority shall be granted to vote proxies solicited by or on behalf of Management for the election of any person or persons as directors. Each director elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected, unless the office is earlier vacated in accordance with the bylaws of the Company.

The following table and the notes thereto state the names of all persons proposed to be nominated by Management for election as directors, their principal occupations and the number of Shares of the Company beneficially owned, directly or indirectly, by each of them as of January 8, 2015.

Name and Province and Country of Residence	Position	Principal Occupation During Past 5 Years	Director Since	Number of Shares Beneficially Owned or Controlled
Scott Nelson Alberta, Canada	President, CEO and Director	President and CEO of Titanium Corporation Inc. since February 23, 2005.	February 23, 2005	431,124 ⁽⁴⁾
Gordon Pridham ^{(1) (2)} Ontario, Canada	Chairman and Director	President, Edgewater Capital Inc. (private investment and advisory company) since 2003. Executive Chairman, U.S. Silver and Gold Corporation, September 2011 to August 2012.	December 11, 2006	66,000
Moss Kadey ⁽²⁾ Ontario, Canada	Director	Since 2000, an independent businessman and a director of private and public companies.	July 23, 2008	6,220,000 ⁽⁵⁾
David Macdonald ⁽¹⁾ Ontario, Canada	Director	Since 2002, has been a Managing Partner of Glencoban Capital Management Inc., a private merchant banking firm.	January 25, 2012	2,759,000 ⁽⁶⁾
Brant G. Sangster ^{(2) (3)} Alberta, Canada	Director	Since August 2006, an independent businessman, strategic consultant and a director of public companies. Prior thereto, Senior Vice-President, Oil Sands of Petro-Canada.	September 1, 2006	65,000
Eric W. Slavens ⁽¹⁾ Ontario, Canada	Director	Since 2005, an independent businessman and a director of private and public companies.	March 17, 2005	60,000

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation and Corporate Governance Committee.
- (3) Member of the Technical Committee.
- (4) 278,514 Shares are held directly by Mr. Nelson, 105,000 Shares are held by Auxilium Corporation, 47,610 Shares are held by his spouse, Ann Nelson and 165,624 Shares are held in a joint investment account of Scott and Ann Nelson.
- (5) 700,000 Shares are held directly by Mr. Kadey, 2,000,000 Shares are held by the Kadey Family Trust, 3,420,000 Shares are held by Mossco Capital Inc. and 100,000 Shares are held by his spouse, Vivette Kadey.
- (6) 2,750,000 Shares are held directly by Mr. Macdonald, 3,000 Shares are held by the Katrina Macdonald Trust, 3,000 Shares by the Sophie Golets Trust and 3,000 Shares by the William Golets Trust.
- (7) The information with respect to Shares beneficially owned, controlled or directed by the nominees for election as directors named above is in each instance based upon information furnished by the person concerned.

Biographical Information

Scott Nelson is a Canadian executive with more than 25 years experience in resource based, capital intensive companies. Mr. Nelson has held management positions with Amoco Canada Petroleum Company Ltd., Dome Petroleum Ltd., The Irving Group, IBM Canada and Amerada Hess Canada Ltd. As President of Amerada Hess Canada Ltd., Mr. Nelson led its rapid growth, the tripling of production and the eventual sale of the company to Petro Canada. Prior to his appointment as President and Chief Executive Officer of the Company, Mr. Nelson was employed by IBM Canada and PricewaterhouseCoopers Consulting (which was acquired by IBM) from September 2002 until

February 2005. From January 1997 until September 2002, Mr. Nelson was President of Auxilium Corporation, providing management consulting services to the natural resource, utility and technology industries.

Gordon Pridham has been President and Chief Executive Officer of Edgewater Capital Inc., a private investment company, and from September 2011 to August 2012 was Executive Chairman and interim CEO of U.S. Silver and Gold Corporation (a mining company) and from 2001 until 2003 he was President and Chief Executive Officer of IPC Securities Corporation. Mr. Pridham has over 25 years experience in the financial services sector having financed and advised companies in public and private markets across a broad range of industry sectors. He has an extensive background in the energy and natural resources sectors, having worked in the Energy and Minerals group of Chemical Bank and National Bank in New York, Calgary and Toronto. Mr. Pridham built and ran the Investment Banking groups at Deutsche Morgan Grenfell, Research Capital Corporation and Raymond James Ltd. Mr. Pridham serves as a director of Newalta Corporation, which is listed on the Toronto Stock Exchange ("TSX"). Newalta Corporation is Canada's largest provider of industrial waste management and environmental services industrial waste management company focused on maximizing the value inherent in oilfield and industrial waste through the recovery of saleable products and recycling. Mr. Pridham is also a Chairman of the board of directors of U.S. Silver Corporation, a director of RoxGold Inc. and an advisory board member of EnerTech Capital, a clean technology venture capital fund.

Moss Kadey has been an executive, founder and shareholder active in consumer products businesses for the last thirty years. From 1995 to 2000 he was President and joint owner of a Manhattan, New York based hair-care company which, in 2000 was sold to Estee Lauder. In the period from 1987 to 1995 he was founder and CEO of Brita International Holdings Inc., a manufacturer and supplier of household water filtration products, which in 1995 was sold to Clorox Inc. From 1977 to 1987 he was Vice President, Finance and Operations of Giftcraft Limited, a leading Canadian importer and distributor of gifts and novelties. Mr. Kadey currently is a director of Brita GmbH, a private international company based out of Germany which manufactures water filtration products for household and professional applications. Mr. Kadey obtained his Chartered Accountant designation in South Africa.

David Macdonald is a co-founder and Managing Partner of Glencoban Capital Management Inc. ("**Glencoban**"), a private merchant banking firm founded in 2002. Glencoban invests in development-stage public and private companies, mainly in the alternative energy, energy and mining sectors. Glencoban manages a limited number of concentrated investments and seeks to add value through active involvement in strategy, financing and governance. From 1989 to 2002, Mr. Macdonald worked as an investment banker at UBS Bunting Warburg Inc. at its offices in Toronto. He was Head of Corporate Finance in Canada and served as Joint Managing Director of the firm from 1994 to 2002. From 1983 to 1989, Mr. Macdonald worked in investment banking with S.G. Warburg & Co. Ltd. in London England. As an investment banker, Mr. Macdonald was active in debt and equity financings, mergers and acquisitions, and demutualization and privatization advice for a wide range of clients across many sectors. From 2004 to 2009 when it was sold, Mr. Macdonald was also a director of Centenario Copper Corporation ("**Centenario**"), a company formerly listed on the Toronto Stock Exchange. From 2006 to 2009, Mr. Macdonald chaired the Compensation Committee and the Governance Committee and chaired the Special Committee on the sale of Centenario. Mr. Macdonald is currently the chair of the National Ballet of Canada, Endowment Foundation and a director of the National Ballet of Canada. He is also a director of the Art Gallery of Ontario Foundation and a past director of the Art Gallery of Ontario.

Brant G. Sangster has extensive experience in Canada's energy industry. He retired in 2006 from a 25-year career with Petro Canada, one of Canada's largest oil and gas companies. In his most recent role as Senior Vice President for Petro Canada, Mr. Sangster was responsible for the company's oil sands production and development as well as Petro Canada's participation in Syncrude. He was also a member of Petro Canada's Executive Leadership Team, accountable for the effective integration of the planning and execution of oil sands business objectives with overall strategies and activities of Petro Canada. Mr. Sangster is a director of Harvest Operations Corp., Inter Pipeline Fund and Canadian Oil Sands Limited. Mr. Sangster graduated from Dalhousie University with a Bachelor of Science degree in Chemical Engineering.

Eric W. Slavens entered the public accounting profession in 1968 and dealt with a broad range of finance, reporting and governance issues servicing the needs of many successful private and public Canadian companies. Mr. Slavens held the position of Managing Partner, Toronto Mid Market office with Price Waterhouse and served as the National IPO Services Leader, PricewaterhouseCoopers for ten (10) years until June of 2005. Mr. Slavens also served as a member and chairman of a number of committees of the Institute of Chartered Professional Accountants of Ontario and was elected as a Fellow of the Institute in 1985. Mr. Slavens has completed the Corporate Governance College Program

co-sponsored by the Canadian Institute of Corporate Directors and the Rotman School of Management. Mr. Slavens is also a director of Altus Group Limited.

No proposed director is as at the date hereof, or has been, within ten (10) years of the date hereof, a director or chief executive officer or chief financial officer of any company, including the Company, that: (i) while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted in such company, after the director or executive officer ceased to be a director chief executive officer or chief financial officer of the company, being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

No proposed director is as at the date hereof, or has been, within ten (10) years of the date hereof, a director or chief executive officer or chief financial officer of any company, including the Company, that: (i) within ten (10) years of the date hereof, a director or executive officer of any company, including the Company, that, while that person was acting in their capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the ten (10) years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In addition, no proposed director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Unless a proxy specifies that the Shares it represents should be withheld from voting in the election of directors, the proxy holders named in the accompanying proxy intend to use it to vote FOR the election of the nominees as directors of the Company.

Appointment of Auditors

The persons designated in the enclosed form of proxy intend to vote for the appointment of PricewaterhouseCoopers LLP as auditors of the Company to hold office until the next annual meeting of Shareholders and to authorize the directors to fix the auditors' remuneration. PricewaterhouseCoopers LLP was first appointed as auditor of the Company on February 23, 2006.

Unless a proxy specifies that the Shares it represents should be withheld from voting in the appointment of auditors, the proxy holders named in the accompanying proxy intend to use it to vote FOR the appointment of PricewaterhouseCoopers LLP as auditors of the Company to hold office until the close of the next annual meeting of Shareholders at a remuneration to be fixed by the Board.

Annual Approval of the Stock Option Plan

Background

The Company has a "rolling" stock option plan (the "**Plan**") pursuant to which the aggregate number of Shares that may be issued under this Plan and any other security based compensation arrangement, as that term is defined in the Plan and includes the DSU Plan and RSU Plan ("**Security Based Compensation Arrangement**") may not exceed 10% of the issued and outstanding Shares, on a non diluted basis, at any time.

Pursuant to Policy 4.4 of the TSX Venture Exchange (the "**Exchange**"), a "rolling" plan, such as the Plan, must receive shareholder approval each year at the annual meeting of shareholders. In addition, the Company must receive Exchange acceptance of a "rolling" plan each year. The Plan was approved by the Shareholders at the annual and special meeting

of Shareholders held on January 23, 2014. Management and the directors of the Company recommend that Shareholders approve the Plan at the Meeting.

As at the date hereof, there are 6,442,504 Shares reserved for issuance under the Plan and other Security Based Compensation Arrangements (representing 10% of the issued and outstanding Shares). There are 2,406,651 Shares available for issuance upon the exercise of future options to be granted under the Plan and Security Based Compensation Arrangements (representing approximately 3.7% of the issued and outstanding Shares). There are 4,035,853 Shares issuable upon the exercise of options previously granted under the Plan and other Security Based Compensation Arrangements (representing approximately 6.3% of the issued and outstanding Shares).

A summary of the Plan is included in this Circular under the heading "*Statement of Executive Compensation – Elements of Compensation – Stock Option Plan*". This summary is qualified in its entirety by the full text of the Plan attached hereto as Schedule "A".

Approval Requirements

The approval of the Plan must be confirmed by a simple majority of the votes cast by Shareholders voting in person or by proxy at the Meeting. **The Board recommends that Shareholders vote FOR the resolution approving the Plan.**

Approval of the Plan by Shareholders

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution to approve the Plan (the "**Plan Resolution**"):

"BE IT RESOLVED THAT:

1. subject to approval by the TSX Venture Exchange, the Stock Option Plan of the Company, in the form attached as Schedule "A" to this Circular be and it hereby is approved;
2. any director or officer of the Company is hereby authorized to execute and deliver and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with the foregoing resolution; and
3. notwithstanding that this resolution has been passed by the shareholders of the Company, the adoption of the proposed share option plan of the Company is conditional upon receipt of final approval from the TSX Venture Exchange and the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the directors."

The Board has concluded that the approval of the Plan is in the best interests of the Company. Accordingly, the Board unanimously recommends that Shareholders ratify, confirm and approve the Plan by voting FOR the Plan Resolution at the Meeting.

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

Approval of Amendments to the DSU Plan and Confirmation of the DSU Plan

On January 8, 2015, the Board approved certain amendments to the DSU Plan. The amendments include, but are not limited to, the following:

- (a) an amendment to decrease the threshold of the aggregate number of Shares reserved for issuance pursuant to the DSU Plan granted to any one individual in any twelve (12) month period from five percent (5%) to one percent (1%) of the issued and outstanding Shares, unless disinterested shareholder approval is obtained; and

- (b) an amendment to decrease the threshold of the aggregate number of Shares reserved for issuance pursuant to the DSU Plan granted to all insiders of the Company from ten percent (10%) to two percent (2%) of the issued and outstanding Shares in the aggregate, unless disinterested shareholder approval is obtained.

A summary of the DSU Plan, including all amendments, is included in this Circular under the heading "*Statement of Executive Compensation – Elements of Compensation – DSU Plan*". This summary is qualified in its entirety by the full text of the DSU Plan, as amended, attached hereto as Schedule "B".

Approval Requirements

The approval of the amendments to the DSU Plan and confirmation of the DSU Plan, as amended, must be approved by a simple majority of the votes cast by Shareholders voting in person or by proxy at the Meeting. **The Board recommends that Shareholders vote FOR the resolution approving the amendments to the DSU Plan and confirming the DSU Plan, as amended.**

Approval of the DSU Plan by Shareholders

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution to approve the amendments to the DSU Plan and to confirm the DSU Plan, as amended, (the "**DSU Plan Resolution**");

"BE IT RESOLVED THAT:

1. the amendments to the deferred share unit plan (the "**DSU Plan**") of the Company, contained in the form attached as Schedule "B" to this Circular be and it hereby is approved;
2. the DSU Plan, as amended, in the form attached as Schedule "B" to this Circular be and it hereby is approved;
3. any director or officer of the Company is hereby authorized to execute and deliver and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with the foregoing resolution; and
4. notwithstanding that this resolution has been passed by the shareholders of the Company, the adoption of the proposed share option plan of the Company is conditional upon receipt of final approval from the TSX Venture Exchange and the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the directors."

The Board has concluded that the approval of the amendments to the DSU Plan and confirmation of the DSU Plan is in the best interests of the Company. Accordingly, the Board unanimously recommends that Shareholders ratify, confirm and approve the amendments to the DSU Plan and confirm the DSU Plan by voting FOR the DSU Plan Resolution at the Meeting.

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

Approval of Amendments to the RSU Plan and Confirmation of the RSU Plan

On January 8, 2015, the Board approved certain amendments to the RSU Plan. The amendments include, but are not limited to, the following:

- (a) amending the RSU Plan to provide that all restricted share units ("**RSUs**") shall have a term, which shall be determined by the Committee on the date of award of the RSUs, which term shall not exceed ten (10) years from the award date and that a holder of vested RSUs may acquire Shares representing such RSUs by delivering a Notice of Acquisition (as defined in the RSU Plan) to the Company and paying the required exercise price, following which such Shares shall be issued within ten (10) days;

- (b) an amendment to decrease the threshold of the aggregate number of Shares reserved for issuance pursuant to the RSU Plan granted to any one individual in any twelve (12) month period from five percent (5%) to one percent (1%) of the issued and outstanding Shares; and
- (c) an amendment to decrease the threshold of the aggregate number of Shares reserved for issuance pursuant to the RSU Plan granted to all insiders of the Company from ten percent (10%) to two percent (2%) of the issued and outstanding Shares in the aggregate.

A summary of the RSU Plan, including the amendments, is included in this Circular under the heading "*Statement of Executive Compensation – Elements of Compensation – RSU Plan*". This summary is qualified in its entirety by the full text of the RSU Plan, as amended, attached hereto as Schedule "C".

Approval Requirements

The approval of the amendments to the RSU Plan and confirmation of the RSU Plan, as amended, must be approved by a simple majority of the votes cast by Shareholders voting in person or by proxy at the Meeting. **The Board recommends that Shareholders vote FOR the resolution approving the amendments to the RSU Plan and confirming the RSU Plan, as amended.**

Approval of the RSU Plan by Shareholders

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution to approve the amendments to the RSU Plan and to confirm the RSU Plan, as amended, (the "**RSU Plan Resolution**"):

"BE IT RESOLVED THAT:

1. the amendments to the restricted share unit plan (the "**RSU Plan**") of the Company, contained in the form attached as Schedule "C" to this Circular be and it hereby is approved;
2. the RSU Plan, as amended, in the form attached as Schedule "C" to this Circular be and it hereby is approved;
3. any director or officer of the Company is hereby authorized to execute and deliver and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with the foregoing resolution; and
4. notwithstanding that this resolution has been passed by the shareholders of the Company, the adoption of the proposed share option plan of the Company is conditional upon receipt of final approval from the TSX Venture Exchange and the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the directors."

The Board has concluded that the approval of the amendments to the RSU Plan and confirmation of the RSU Plan, as amended, is in the best interests of the Company. Accordingly, the Board unanimously recommends that Shareholders ratify, confirm and approve the amendments to the RSU Plan and confirm the RSU Plan, as amended, by voting FOR the RSU Plan Resolution at the Meeting.

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

General

Management knows of no other matters to come before the Meeting other than the matters referred to in the notice of the Meeting. **HOWEVER, IF ANY OTHER MATTERS WHICH 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 PERSON OR PERSONS VOTING THE PROXY.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Background

Titanium's mission is "Creating Value from Waste™". The Company has developed innovative CVW™ technologies that recover bitumen, solvent, valuable heavy minerals and water from oil sands waste tailings. The recovery of bitumen, associated solvents and water will result in important and timely environmental improvements for the oil sands industry. The Company completed three years of demonstration pilots in 2013, which culminated several years of progressive research and development ("R&D") of its proprietary technologies. The Company is a development stage enterprise as it has yet to earn any revenues from its planned operations and is devoting substantially all of its efforts toward commercializing the CVW™ technology.

Compensation and Corporate Governance Committee

In order to assist the Board in fulfilling its oversight responsibilities with respect to human resource and compensation matters, the Board has established the Compensation and Corporate Governance Committee of the Board (the "**Compensation Committee**"). For the period from September 1, 2011 to January 25, 2012, the Compensation Committee was comprised of five directors, namely Bruce Burton, Moss Kadey, Malcolm Macpherson, Brant Sangster and Eric Slavens. From January 26, 2012 to June 30, 2014, the Compensation Committee was comprised of four directors, namely Moss Kadey, Malcolm Macpherson, Brant Sangster and Gordon Pridham. Since June 30, 2014, the Compensation Committee was comprised of three directors, namely Moss Kadey, Brant Sangster and Gordon Pridham all of whom are independent within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). Mr. Sangster is the current Chair of the Compensation Committee.

The Compensation Committee's responsibilities include recommending to the Board for approval: (i) the remuneration of the Chief Executive Officer (the "**CEO**"), including salary, bonus, options and any other incentive plan; (ii) the annual compensation budget for staff of the Company; (iii) the number of Shares to be reserved under the Plan; (iv) the number of options to be granted pursuant to the Plan; (v) salaries, target bonus awards, other incentive awards and options for the officers of the Company; (vi) implementation of, or changes to, compensation and benefits policies; and (vii) administering the DSU Plan and the RSU Plan.

In establishing the Company's executive compensation program the Compensation Committee also considers the implication of the risks associated with the Company's compensation program, including: the risk of executives taking inappropriate or excessive risks; the risk of inappropriate focus on achieving short term goals at the expense of long term returns to Shareholders; and the risk of encouraging aggressive accounting practices.

While no program can fully mitigate these risks, the Company believes that many of these risks are mitigated by: weighting the Company's long term incentives towards share ownership and vesting the Company's long term incentives over a number of years; establishing a uniform incentive program for all executive officers and employees; avoiding narrowly focused performance goals which may encourage loss of focus on providing long term Shareholder returns and retaining adequate discretion to insure that the Compensation Committee and the Board retain their business judgment in assessing actual performance; and establishing a strong "tone at the top" for accounting, regulatory, environmental and health and safety compliance.

Compensation Philosophy and Objectives

The Company's overall compensation philosophy is that executives should be compensated for performance in their position and for achievement of additional personal and corporate objectives. The main objective of the Company's compensation program is to attract, motivate and retain highly qualified and competent executives, consistent with general sector practices, while specifically recognizing the size of the Company and its stage of development. The Company's compensation program also has an objective of aligning the interests of executives with those of Shareholders. The Company's compensation program is designed to reward executives for performance of their

position and for achievement of general personal and corporate objectives in a manner consistent with the Company's strategic plan, including further development of the Company and achieving shareholder returns.

Compensation Consultants

During the year ended August 31, 2013, the Compensation Committee formally retained Roger Gurr & Associates ("**Roger Gurr**") to assist the Compensation Committee in determining appropriate long term incentive options for its Non-Management Directors and executive officers. No services were provided for the year ended August 31, 2014.

Roger Gurr was originally retained in March 2012 and then again in 2013 and did not provide any other services to the Company or any of its directors or executive officers other than the compensation services described above.

Financial Year Ending	Executive Compensation Related Fees	All Other Fees
August 31, 2014	N/A	N/A
August 31, 2013	\$7,100	N/A

Short Sales, Puts, Calls and Options

Pursuant to the Company's Insider Trading and Blackout Policy, directors, senior officers and major Shareholders of the Company should not at any time sell, directly or indirectly, any securities of the Company short or buy or sell a call or put option in respect of the securities of the Company.

Elements of Compensation

The elements of compensation awarded to, earned by, paid to or payable to Named Executive Officers (as hereinafter defined) for the most recently completed financial year are as follows: (i) a base salary; (ii) a short term incentive in the form of a cash bonus and/or award of RSUs; (iii) a long term incentive in the form of stock options, DSUs and RSUs; and (iv) retention bonuses for certain Named Executive Officers in the form of a cash bonus and/or award of RSUs.

Generally, the Compensation Committee considers a broad range of factors when setting overall compensation for the Named Executive Officers and each element of compensation, including but not limited to: (i) what is required to recruit and retain Named Executive Officers critical to the success of the Company; (ii) what general sector compensation practices are; (iii) what the Company can afford; (iv) what is necessary to incentivize individual and corporate performance; and (v) what is necessary to align interests of Named Executive Officers with those of shareholders on a longer term basis.

Base Salary

Base salary is intended to provide Named Executive Officers with basic compensation consistent with: (i) the individual's level of responsibility, skills, knowledge and experience; (ii) the contribution expected from each individual; and (iii) general sector compensation practices for individuals in the applicable position, all with a view to attracting and retaining the Named Executive Officers. In some circumstances, the level of base salary may affect the Company's decisions relating to short term incentives (i.e. cash bonuses) as in some cases bonuses, if performance criteria are achieved, are payable as a percentage of base salary.

Short Term Incentives

The Company may award short term incentives Named Executive Officers from time to time based on annual performance. Short term incentive compensation is intended to motivate and incentivize Named Executive Officers to meet certain shorter term personal and corporate objectives, which vary from individual to individual, from year to year. It should communicate to Named Executive Officers the key accomplishments the Compensation Committee wishes to reward in a given year, such as individual achievements, research and development success, specific progress during the

year on advancing the Company's commercialization of its technology, and overall cost savings. These short term incentives are intended to ensure that a portion of a Named Executive Officer's compensation correlates with corporate objectives and varies with actual performance in a given year. In some circumstances, a maximum level of bonus (expressed as a percentage of base salary) or a set amount upon achievement of a specified goal is included in an employment agreement with a Named Executive Officer (see "*Summary Compensation Table – Discussion – Employment/Consulting Agreements*"), but generally the award of short term incentives is at the discretion of the Board, based upon the recommendations of the Compensation Committee.

The process by which the Company awards short term incentives to Named Executive Officers varies depending on the circumstances. From time to time, the CEO will present to the Compensation Committee the performance of certain other Named Executive Officers and will make recommendations to the Compensation Committee regarding possible bonuses to such Named Executive Officers to reward them for specific performance. The Compensation Committee will then consider and determine whether to recommend such awards to the Board for approval. The Compensation Committee also independently considers annually whether awards of short term incentives should be made to the CEO.

The Company generally grants short term incentives in the form of cash bonuses. In 2013, the Company implemented the RSU Plan for the purposes of, among other things, reducing the cash expense of compensating its management and promoting greater alignment of interests between the Company's shareholders and management, including payment of short term incentives. In 2013, the Board granted RSUs to Mr. Nelson and Ms. Kaufeld in lieu of certain cash bonus payments for the year ended August 31, 2013 (see "*Summary Compensation Table – Discussion – Employment/Consulting Agreements*").

In respect of the fiscal year ended August 31, 2014, the Compensation Committee recommended that awards of cash bonuses be made to certain Named Executive Officers for general achievement of individual and corporate objectives, 50% of which was paid in cash and 50% of which is payable in RSUs. Given the greater reliance on the use of RSUs to compensate the Company's officers in light of the Company's financial condition and to promote such alignment, the Board approved certain amendments to the RSU Plan to mitigate the adverse tax consequences associated with this type of compensation award for short term incentive purposes. These awards, and amendments to the RSU plan, were approved by the Board (see "*Summary Compensation Table – Discussion – Employment/Consulting Agreements*").

Long Term Incentives

The Company may award long term incentives in the form of stock options and RSUs to Named Executive Officers from time to time. Long term incentive compensation is intended to ensure a commonality of interests between the Named Executive Officers and Shareholders. The forms of long term incentive are intended to ensure that a portion of a Named Executive Officer's compensation is tied to the growth in the value of the Shares over the longer term. This is the high risk, high return component of the Company's executive compensation program because the value received by the Named Executive Officers for such awards correlate to the market value of the Shares. In some circumstances, an initial grant of stock options and/or RSUs to a new Named Executive Officer or a future grant of such awards upon achievement of a specified goal may be included in an employment agreement with a Named Executive Officer (see "*Summary Compensation Table – Discussion – Employment/Consulting Agreements*"), but in most circumstances, the award of a long term incentives is at the discretion of the Board.

The process by which the Company grants stock options and/or RSUs for long term incentive purposes to Named Executive Officers varies depending on the circumstances. Annually, the CEO will present to the Compensation Committee on the performance of certain other Named Executive Officers and will make recommendations to the Compensation Committee regarding possible grants to such Named Executive Officers to reward them for specific performance. The Compensation Committee will then consider and determine whether to recommend such grants to the Board for approval. The Compensation Committee also independently considers from time to time whether grants should be made more generally to Named Executive Officers or to specific Named Executive Officers, such as the CEO, to incentivize performance over the longer term. For the CEO, the Compensation Committee considers the steps required to achieve the Company's strategic plan, the CEO's performance to date, and the number of awards judged necessary for retention of the CEO. Finally, the Compensation Committee also considers and determines whether to recommend to the Board for approval grants to new Named Executive Officers when employment agreements are being negotiated by the CEO on behalf of the Company.

In setting or amending the plans for such awards, the Compensation Committee takes into account the recommendations of senior management, including the Named Executive Officers. Previous grants of such awards are taken into account when considering new grants. Details regarding the plans for stock options and RSUs are set out below.

See "*Particulars of Matters to be Acted Upon – Annual Approval of the Stock Option Plan*" and "*Particulars of Matters to be Acted Upon – Approval of Amendments to the DSU Plan and Confirmation of the DSU Plan*", respectively.

Stock Option Plan

The Company has the Plan for its directors, officers, employees, and consultants. The Plan was initially approved at a special meeting of the Shareholders held on July 7, 2009 and subsequently reapproved each year at the annual and special meeting of Shareholders.

The purpose of the Plan is to: (i) encourage ownership of Shares by the directors, officers, employees and consultants of the Company; (ii) advance the interests of the Company by providing additional incentives for superior performance by such persons; and (iii) enable the Company to attract and retain valued directors, officers, employees and consultants.

The Plan is a "rolling" 10% plan that provides that the aggregate number of Shares reserved for issuance shall not exceed 10% of the issued and outstanding Shares.

As at the date hereof, there are 6,442,504 Shares reserved for issuance under the Plan and other Security Based Compensation Arrangements (representing 10% of the issued and outstanding Shares). There are 2,406,651 Shares available for issuance upon the exercise of future options to be granted under the Plan and Security Based Compensation Arrangements (representing approximately 3.7% of the issued and outstanding Shares). There are 4,035,853 Shares issuable upon the exercise of options previously granted under the Plan and other Security Based Compensation Arrangements (representing approximately 6.3% of the issued and outstanding Shares).

The following summary of the Plan is qualified in its entirety by the full text of the Plan attached as Schedule "A" to this Circular. The key features of the Plan are as follows:

- (a) the Plan is administered by the Board or, if the Board so delegates, a committee of the Board appointed from time to time by the Board;
- (b) the aggregate number of Shares reserved for issuance pursuant to options granted under the Plan and any other Security Based Compensation Arrangements shall not exceed ten percent (10%) of the issued and outstanding Shares as at the date of grant (on a non-diluted basis). Further, any grant of options under the Plan shall be subject to the following restrictions:
 - (i) the aggregate number of Shares reserved for issuance pursuant to options and other securities issued under other Security Based Compensation Arrangements granted to any one individual in any twelve (12) month period shall not exceed five percent (5%) of the issued and outstanding Shares, unless disinterested shareholder approval is obtained;
 - (ii) the aggregate number of Shares reserved for issuance pursuant to options and other securities issued under other Security Based Compensation Arrangements granted to any one Consultant (as defined in the Plan) in any twelve (12) month period shall not exceed two percent (2%) of the issued and outstanding Shares;
 - (iii) the aggregate number of Shares reserved for issuance pursuant to options and other securities issued under other Security Based Compensation Arrangements granted to all optionees who are engaged in Investor Relations Activities (as defined in the Plan) in any twelve (12) month period shall not exceed two percent (2%) of the issued and outstanding Shares;
 - (iv) the aggregate number of Shares reserved for issuance pursuant to options and other securities issued under other Security Based Compensation Arrangements granted to Insiders (as defined in the Plan)

shall not exceed ten percent (10%) of the issued and outstanding Shares, unless disinterested shareholder approval is obtained; and

- (v) the aggregate number of Shares reserved for issuance pursuant to options and other securities issued under other Security Based Compensation Arrangements granted to Insiders in any twelve (12) month period shall not exceed ten percent (10%) of the issued and outstanding Shares, unless disinterested shareholder approval is obtained;
- (c) the Board will fix the exercise price of each option at the time the option is granted, provided that such price shall not be less than the closing price of the Shares on the Exchange on the last trading day immediately preceding the date of grant of such option, less any applicable discount permitted under the policies of the Exchange;
- (d) if an optionee is an insider, the exercise price of his or her options may only be reduced if disinterested shareholder approval is obtained, provided that such approval is then a requirement of the Exchange;
- (e) the period of time during which a particular option may be exercised is determined by the Board at the time the option is granted, provided that no such option term shall exceed ten (10) years;
- (f) if the normal expiry date of an option falls within any black-out period (being a period of time when pursuant to any policies of the Company, any securities of the Company may not be traded by certain persons as designated by the Company) and the optionee is subject to the black-out period, the expiry date of such options shall be extended to the date that is ten (10) business days following the end of such black-out period;
- (g) subject to the Exchange policies, the Board will determine the vesting period or periods within the term of an option during which an optionee may exercise an option or a portion thereof;
- (h) if any optionee ceases to be a director, officer, employee or consultant of the Company or its subsidiaries for any reason other than death, retirement or permanent disability, the optionee may within thirty (30) days after such termination or prior to the expiry of the option period, whichever is earlier, exercise any option held by the optionee to the extent that the optionee was entitled to exercise the option at the date of such termination;
- (i) in the event of death of an optionee, the option previously granted is exercisable by the optionee's legal personal representative within twelve (12) months following the date of death of the optionee;
- (j) in the event of retirement or permanent disability of an optionee, the optionee may within three (3) months after such termination exercise any option held by the optionee to the extent that the optionee was entitled to exercise the option at the date of such termination;
- (k) in the event of termination for cause of an optionee, all options held by the optionee shall expire and terminate immediately;
- (l) options and rights related thereto held by an optionee are not assignable or transferable except effectively to the legal personal representative of an optionee upon his or her death;
- (m) the Board may amend, modify, change or discontinue the Plan and may amend, modify or change any outstanding option granted under the Plan, provided this does not alter or impair any option previously granted under the Plan (except as permitted under the Plan) and that this has been approved by the Exchange and, where necessary, by the Shareholders;
- (n) the Company shall have the power and the right to deduct or withhold, or require an optionee to remit to the Company, the required amount to satisfy federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of options granted under the Plan. With respect to required withholding, the Company shall have the irrevocable right to, and the optionee consents to, the Company setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Company to the optionee (whether arising pursuant to the optionee's relationship as a director, officer or employee of the Company or as a result

of the optionee providing services on an ongoing basis to the Company or otherwise), or may make such other arrangements satisfactory to the optionee and the Company. In addition, the Company may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Shares as it determines are required to be sold by the Company, as trustee, to satisfy the withholding obligation net of selling costs. The optionee consents to such sale and grants to the Company an irrevocable power of attorney to effect the sale of such Shares and acknowledges and agrees that the Company does not accept responsibility for the price obtained on the sale of such Shares; and

- (o) optionees (or their beneficiaries) shall be responsible for all taxes with respect to any options under the Plan, whether arising as a result of the grant or exercise of options or otherwise. The new provision further provides that the Board and the Company make no guarantees to any person regarding the tax treatment of options or payments made under the Plan and none of the Company, nor any of its employees or representatives shall have any liability to an optionee with respect thereto.

DSU Plan

On December 15, 2013, the Board approved and ratified the adoption by the Company of the DSU Plan and on January 23, 2014, Shareholders approved the adoption of the DSU Plan.

Subsequent to the last annual and special meeting of Shareholders, the DSU Plan was amended to implement certain amendments as required by the rules and policies of the Exchange, as well as certain housekeeping amendments. The amendments include, but are not limited to, the following:

- (a) an amendment to decrease the threshold of the aggregate number of Shares reserved for issuance pursuant to the DSU Plan granted to any one individual in any twelve (12) month period from five percent (5%) to one percent (1%) of the issued and outstanding Shares; and
- (b) an amendment to decrease the threshold of the aggregate number of Shares reserved for issuance pursuant to the DSU Plan granted to all insiders of the Company from ten percent (10%) to two percent (2%) of the issued and outstanding Shares in the aggregate.

The DSU Plan is designed to promote the alignment of interests between Non-Management Directors and the Shareholders. The Board is responsible for administering the DSU Plan with the advice of the Compensation Committee or such other committee the Board deems appropriate.

The following is a summary of the DSU Plan, including the amendments, and is subject to the specific provisions of the DSU Plan. **Capitalized terms used but not defined in this section of the Circular shall have the meanings ascribed thereto in the DSU Plan attached to this Circular as Schedule "B".**

Benefits of the DSU Plan

The DSU Plan is designed to be a long term incentive for Non-Management Directors. The Board believes that DSUs have the following primary benefits:

- (a) current practice in corporate governance favours the use of DSUs over options for directors because the value of the DSUs can only be realized upon the director ceasing to serve the Company, which helps to ensure that directors act in the long term interests of the Company; and
- (b) the DSUs provide the Board with an additional compensation tool which can be used to help retain and attract qualified directors and further align the interests of Non-Management Directors with the interest of the Shareholders.

Nature and Administration of the DSU Plan

Only Non-Management Directors ("**Eligible Directors**") are eligible to participate in the DSU Plan. A DSU issued under the DSU Plan is a bookkeeping entry representing a future right to receive one Share at the time of the holder's retirement, death or the holder otherwise ceasing to be an Eligible Director.

Each Eligible Director is a member (a "**DSU Plan Member**") in the DSU Plan.

A DSU Plan Member has the right to elect at any time by August 15 of each financial year to be credited with DSUs in lieu of all or any part of his or her Annual Board Retainer, Annual Chair Retainer and/or Meeting Fees (as such terms are defined in the DSU Plan) otherwise payable to him or her in cash in the immediately succeeding financial year.

Each DSU awarded by the Company is initially equal to the value of a Share at the time the DSU is awarded. The value of the DSU increases or decreases as the price of the Shares increases or decreases, thus promoting alignment of the interest of the Eligible Directors with the Shareholders. DSUs vest upon grant and are credited to an Eligible Director's account.

The value of the DSUs credited to a DSU Plan Member's account is redeemable upon the DSU Plan Member ceasing to be an Eligible Director of the Company. The value of the DSUs is redeemed by filing a written notice of redemption with the Company, specifying (i) either one or two redemption dates, and (ii) the percentage of DSUs held by the DSU Plan Member to be redeemed on each such redemption date (which when added together must equal 100%). Each redemption date specified in the notice of redemption must occur during the period commencing at least five (5) business days following the date on which the notice is filed with the Company and ending:

- (a) in the event of death, termination for cause, termination without cause and resignation, sixty (60) days after the DSU Plan Member's termination date; or
- (b) in the event of retirement from active employment, not later than the last day of the calendar year following the year of the DSU Plan Member's termination date.

Subject to applicable income tax and other withholdings as required by law, the value of the vested DSUs redeemed by or in respect of a DSU Plan Member will be paid to the DSU Plan Member or to his or her estate, as the circumstances warrant, in the form of one or two issuances of Shares on the basis of one Share for each DSU redeemed, less the Applicable Withholding Amount (as the term is defined in the DSU Plan), as soon as practicable after the applicable redemption date.

DSUs are personal and non-assignable. DSUs cannot be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of by the DSU Plan Member otherwise than by testate succession or the laws of descent and distribution. Any attempt to do so will cause the DSUs to be null and void. During the lifetime of the DSU Plan Member, a vested DSU is redeemable only by the DSU Plan Member or, upon the death of a DSU Plan Member, the DSU Plan Member's estate.

Limitations under the DSU Plan

Notwithstanding any other provision of the DSU Plan:

- (a) the aggregate number of Shares reserved for issuance pursuant to DSUs granted under the DSU Plan and other Security Based Compensation Arrangements cannot exceed ten percent (10%) of the issued and outstanding Shares as at the date of grant (on a non-diluted basis);
- (b) the aggregate number of Shares reserved for issuance pursuant to DSUs granted to any one individual in any twelve (12) month period cannot exceed one percent (1%) of the issued and outstanding Shares, unless disinterested shareholder approval is obtained;

- (c) the aggregate number of Shares reserved for issuance pursuant to DSUs granted to Insiders (as defined in the policies of the Exchange) cannot exceed two percent (2%) of the issued and outstanding Shares, unless disinterested shareholder approval is obtained; and
- (d) all DSUs granted pursuant to the DSU Plan are subject to the policies of the Exchange.

Adjustments

In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spinoff or other distribution (other than normal cash dividends) of the Company's assets to the Shareholders, or any other changes affecting the Shares, the Board can make such proportionate adjustments with respect to the number of DSUs outstanding under the DSU Plan to reflect this change or changes as it deems appropriate.

No additional DSUs will be granted to a DSU Plan Member to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, a DSU Plan Member for such purpose.

Dividends

Whenever cash dividends are paid on the Shares, additional DSUs will be credited to the DSU Plan Member's account. The number of additional DSUs will be calculated by dividing (i) the dividends that would have been paid to the DSU Plan Member if the DSUs in the DSU Plan Member's account on the relevant dividend record date had been Shares, by (ii) the Market Price (as defined in the DSU Plan) at the date of payment of such dividend. Any fractional DSUs resulting from such calculation will be rounded to the nearest whole number.

Amendment and Termination

The DSU Plan can be amended or terminated at any time by the Board, except as to rights already accrued under the DSU Plan by the DSU Plan Members. Notwithstanding the foregoing, any amendment or termination of the DSU Plan will be such that the DSU Plan continuously meets the requirements of paragraph 6801(d) of the Regulations under the *Income Tax Act* (Canada) or any successor provision thereto.

RSU Plan

On December 15, 2013, the Board approved and ratified the adoption by the Company of the RSU Plan and on January 23, 2014, Shareholders approved the adoption of the RSU Plan.

Subsequent to the last annual and special meeting of Shareholders, the RSU Plan was amended to implement certain amendments as required by the rules and policies of the Exchange, as well as certain housekeeping amendments. The amendments include, but are not limited to, the following:

- (a) amending the RSU Plan to provide that all RSUs shall have a term, which shall be determined by the Committee on the date of award of the RSUs, which term shall not exceed ten (10) years from the award date and that a holder of vested RSUs may acquire Shares representing such RSUs by delivering a Notice of Acquisition (as defined in the RSU Plan) to the Company and paying the required exercise price, following which such Shares shall be issued within ten (10) days;
- (b) an amendment to decrease the threshold of the aggregate number of Shares reserved for issuance pursuant to the RSU Plan granted to any one individual in any twelve (12) month period from five percent (5%) to one percent (1%) of the issued and outstanding Shares; and
- (c) an amendment to decrease the threshold of the aggregate number of Shares reserved for issuance pursuant to the RSU Plan granted to all insiders of the Company from ten percent (10%) to two percent (2%) of the issued and outstanding Shares in the aggregate.

The RSU Plan is designed to provide certain officers and other key employees of the Company and its related entities with the opportunity to acquire RSUs in order to enable them to participate in the long-term success of the Company

and to promote a greater alignment of their interests with the interests of the Shareholders. The Compensation Committee (or such other committee as the Board may appoint) is responsible for administering the RSU Plan.

The following is a summary of the RSU Plan, including the amendments, and is subject to the specific provisions of the RSU Plan. **Capitalized terms used but not defined in this section of the Circular shall have the meanings ascribed thereto in the RSU Plan attached as Schedule "C".**

Benefits of the RSU Plan

The RSU Plan is designed to be an incentive for the officers and other key employees of the Company with the flexibility to provide for short-term and long-term incentive compensation based on decisions of the Compensation Committee. RSUs provide the Compensation Committee with an additional compensation tool which can be used to help retain and attract highly qualified officers and employees and further align the interests of officers and key employees with the interest of the Shareholders.

Nature and Administration of the RSU Plan

All Employees (as defined in the RSU Plan) of the Company and its related entities ("**Eligible Persons**") are eligible to participate in the RSU Plan (as "**RSU Plan Participants**"), though the Company reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation in the RSU Plan at any time. Eligibility to participate in the RSU Plan does not confer upon any person a right to receive an award of RSUs.

Subject to certain restrictions, the Compensation Committee can, from time to time, award RSUs to Eligible Persons. RSUs will be credited to an account maintained for each RSU Plan Participant on the books of the Company as of the award date. The number of RSUs to be credited to each RSU Plan Participant's account in respect of a fiscal year shall be determined by dividing: (a) the dollar amount of the portion of the RSU Plan Participant's compensation which the Compensation Committee, in its sole discretion, determines to be paid as RSUs; by (b) the Fair Market Value (as defined in the RSU Plan) per Share on the award date or such higher price per Share as the Compensation Committee determines. Any fractional RSUs resulting from this calculation will be rounded to the nearest whole number.

Each award of RSUs vests on the date(s) (each a "**Vesting Date**") specified by the Compensation Committee on the award date, and reflected in the applicable Award Notice (as defined in the RSU Plan). Additionally, the term of the RSUs shall be determined by the Compensation Committee on the date of the award of RSUs and shall not exceed ten (10) years from the date the RSUs are awarded. Each RSU outstanding and all rights thereunder shall expire at the expiry time determined by the Compensation Committee, subject to earlier termination in accordance with the RSU Plan.

Rights and obligations under the RSU Plan can be assigned by the Company to a successor in the business of the Company, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Company, or any corporation acquiring all or substantially all of the assets or business of the Company. The RSUs are non-transferable and non-assignable by the RSU Plan Participant. Certificates representing RSUs will not be issued by the Company.

Credit for Dividends

An RSU Plan Participant's account will be credited with additional RSUs as of each dividend payment date in respect of which cash dividends are paid on Shares. The number of additional RSUs to be credited to an RSU Plan Participant's account is computed by dividing: (a) the dividends that would have been paid to such RSU Plan Participant if each RSU in the RSU Plan Participant's account on the relevant dividend record date had been a Share, by (b) the Fair Market Value of the Shares determined as of the date of payment of such dividend. Any fractional RSUs resulting from this calculation will be rounded to the nearest whole number. Any additional RSUs credited to the RSU Plan Participant's account will vest in proportion to and will be paid under the RSU Plan in the same manner as the RSUs to which they relate. Note that the Company is not obligated to pay dividends on Shares.

Acquisition of Vested RSUs

A RSU Plan Participant or, if applicable, the RSU Plan Participant's estate, who wishes to acquire a Share for any vested RSUs may do so by delivering a completed Notice of Acquisition to the Company on or before the Expiry Time (as defined in the RSU Plan) of the RSU and paying the required exercise price, following which the Company shall issue, within ten (10) days following receipt of the Notice of Acquisition one Share for each RSU in the RSU Plan Participant's account that the RSU Plan Participant has included on the Notice of Acquisition (the "**Payment Amount**"). The RSUs in respect of which Shares are issued will be cancelled and no further issuances will be made to the RSU Plan Participant under the RSU Plan in relation to such RSUs.

Resignation, Termination, Leave of Absence or Death

Generally, if an RSU Plan Participant's employment or service is terminated, or if the RSU Plan Participant resigns from employment with the Company, then any RSUs credited to him or her under the RSU Plan which have not vested on or before the separation date for the RSU Plan Participant are forfeited, cancelled and terminated without payment. An RSU Plan Participant may, but only with the next thirty (30) days following the separation date, deliver a completed Notice of Acquisition to the Company to acquire Shares for the vested RSUs, together with payment of the required exercise price. Any vested RSUs in respect of which an RSU Plan Participant has not delivered a completed Notice of Acquisition to the Company and paid the required exercise price shall be forfeited and cancelled effective at 4:00 p.m. (Calgary time) on such thirtieth (30th) day and shall terminate without payment and shall be of no further force or effect from and after such time.

In the event an RSU Plan Participant is terminated without Cause (as defined in the RSU Plan), any RSUs which will vest within sixty (60) days of the separation date will be deemed to have been vested on the separation date.

If an RSU Plan Participant's employment or service is terminated, within thirty (30) days of a termination, the Compensation Committee can: (i) accelerate the vesting of all or any portion of the RSU Plan Participant's RSUs; or (ii) determine that an RSU Plan Participant will continue to be an RSU Plan Participant, but subject to such terms and conditions (including vesting) if any, established by the Compensation Committee.

In the event an RSU Plan Participant takes a leave of absence other than an Approved Leave of Absence (as defined in the RSU Plan), all RSUs granted to the RSU Plan Participant that have not then vested will terminate and be null and void, subject to applicable law and the Board's sole and absolute discretion to determine otherwise.

Upon the death of an RSU Plan Participant, any RSUs granted to an RSU Plan Participant which, as of the date of the death have not yet vested, immediately vest.

Control Change

In the event of a Control Change (as defined in the RSU Plan), the Compensation Committee may:

- (a) cause the conversion or exchange of any outstanding RSUs into or for rights or other securities of substantially equivalent value (or greater value) in any entity participating in or resulting from a Control Change; or
- (b) accelerate the vesting of any or all outstanding RSUs to provide that outstanding RSUs are fully vested upon (or immediately prior to) the completion of the transaction resulting in the Control Change.

If, before the completion of the Vesting Date with respect to any award of RSUs, the employment of an RSU Plan is terminated in circumstances where the termination occurs:

- (a) subsequent to a Control Change and during the Control Change Period (as defined in the RSU Plan); or
- (b) prior to the date on which a Control Change occurs and it is reasonably demonstrated that such termination:
 - (i) was at the request of a third party who has taken steps reasonably calculated to effect a Control Change; or

- (ii) otherwise arose in connection with or anticipation of a Control Change; and
- (c) such termination was for any reason whatsoever other than death or termination for Cause,

then the award shall immediately vest on the separation date and the Payment Amount shall be equal to the number of Shares determined on the separation date multiplied by the number of RSUs in the RSU Plan Participant's account.

Adjustments

In the event of any subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the Shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange of all or substantially all of the property of the Company or other distribution of the Company's assets to the Shareholders (other than the payment of dividends in respect of the Shares as contemplated is the RSU Plan), the account of each RSU Plan Participant and the RSUs outstanding under the RSU Plan will be adjusted in such manner, if any, as the Compensation Committee deems appropriate to preserve, proportionally, the interests of RSU Plan Participants.

Discretion to Permit Vesting

The Compensation Committee can, at any time, permit both the vesting of any or all RSUs held by an RSU Plan Participant, and the form and terms of payment of the Payment Amount in respect of such RSUs.

Limitations under the RSU Plan

Notwithstanding any other provision of the RSU Plan:

- (a) the aggregate number of Shares reserved for issuance pursuant to RSUs granted under the RSU Plan and other Security Based Compensation Arrangements (as defined in the RSU Plan) cannot exceed ten percent (10%) of the issued and outstanding Shares as at the date of grant (on a non-diluted basis);
- (b) the aggregate number of Shares reserved for issuance pursuant to RSUs granted to any one individual in any twelve (12) month period shall not exceed one percent (1%) of the issued and outstanding Shares, unless disinterested shareholder approval is obtained;
- (c) the aggregate number of Shares reserved for issuance pursuant to RSUs granted to Insiders (as defined in the policies of the Exchange) shall not exceed two percent (2%) of the issued and outstanding Shares, unless disinterested shareholder approval is obtained; and
- (d) all RSUs granted pursuant to the RSU Plan are subject to the policies of the Exchange.

Amendment, Suspension, or Termination of Plan

Subject to applicable law, the Compensation Committee can, without notice or Shareholder approval amend, suspend or terminate the RSU Plan for any purpose which, in the good faith opinion of the Compensation Committee may be expedient or desirable. That being said, the Compensation Committee cannot materially adversely alter or impair any rights of an RSU Plan Participant or materially increase any obligations of an RSU Plan Participant with respect to RSUs previously awarded under the RSU Plan without the consent of the affected RSU Plan Participant.

If the RSU Plan is terminated or suspended, no new RSUs will be credited to the account of RSU Plan Participants. Previously credited RSUs will remain outstanding but will not be entitled to Dividend Equivalents (as such term is defined in the RSU Plan) following suspension or termination unless at the term of suspension or termination the Compensation Committee determines the entitlement to Dividend Equivalents should be continued.

The Compensation Committee shall not require the consent of any affected RSU Plan Participant in connection with a termination of the RSU Plan in which the vesting of all RSUs held by the RSU Plan Participant are accelerated and the Payment Amount (less Applicable Withholding Amount) is paid to the RSU Plan Participant in respect of all such RSUs.

The RSU Plan will terminate on the date upon which no further RSUs remain outstanding provided that such termination is confirmed by a resolution of the Compensation Committee.

Perquisites and Personal Benefits

Named Executive Officers who are employees of the Company are eligible to participate in the Company's various benefit programs on the same basis as other employees of the Company. Those Named Executive Officers receive the following perquisites and personal benefits: a corporate contribution to the employee's RRSP at an amount equal to 5% of the employee's base salary; and participation in the Company's group benefit plan, which includes the payment by the Company of life insurance premiums equal to one times salary, accidental death and dismemberment insurance coverage equal to one times salary and dental and extended health coverage for the employee and his/her immediate family. For information regarding perquisites and personal benefits relating to specific Named Executive Officers, see "*Summary Compensation Table – Discussion – Employment Agreements*". While these perquisites and personal benefits do not significantly affect the Company's decisions about other elements of compensation, the Compensation Committee considers such perquisites and personal benefits necessary to attract highly qualified individuals at the executive level.

Termination and Change of Control Benefits

All of the Named Executive Officers have termination and change of control provisions in their employment agreements. The events that trigger payment under these arrangements were determined through negotiation of such employment agreements at the time they were entered into.

Summary Compensation Table

The following table (presented in accordance with Form 51-102F6 – *Statement of Executive Compensation* under National Instrument 51-102 – *Continuous Disclosure Obligations*) sets forth all direct and indirect compensation for, or in connection with, services provided to the Company and its subsidiaries for the fiscal years ended August 31, 2014, 2013 and 2012 in respect of the CEO, the Chief Financial Officer and the other one most highly compensated executive officer of the Company (the "Named Executive Officers").

Name and principal position	Year	Salary (\$)	Share based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Scott Nelson ⁽¹⁾ <i>President and Chief Executive Officer</i>	2014	325,000	102,812 ⁽⁴⁾	Nil	102,812	Nil	N/A	32,542	563,166
	2013	325,000	102,812 ⁽³⁾	257,300 ⁽²⁾	102,812	Nil	N/A	32,092	820,015
	2012	316,667	N/A	Nil	226,750	Nil	N/A	32,325	575,745
Jennifer Kauffield <i>Chief Financial Officer</i>	2014	108,500	25,000 ⁽⁴⁾	Nil	25,000	Nil	N/A	11,833	170,253
	2013	121,140	20,000 ⁽³⁾	77,200 ⁽²⁾	20,000	Nil	N/A	12,959	251,299
	2012	118,410	N/A	Nil	30,000	Nil	N/A	12,741	171,151
Kevin Moran <i>Vice President Process Development</i>	2014	225,750	41,990 ⁽⁴⁾	Nil	91,990	Nil	N/A	16,117	375,847
	2013	225,750	N/A	154,400 ⁽²⁾	129,464	Nil	N/A	15,588	525,202
	2012	225,750	N/A	Nil	129,000	Nil	N/A	15,852	370,602

Notes:

- (1) Scott Nelson is entitled to a \$12,000 per year vehicle allowance in addition to a RRSP entitlement representing 5% of base pay. Mr. Nelson did not receive any compensation in his role as a director of the Company.
- (2) The grant date fair value of the options granted has been estimated at the date of grant using a graded tranche level valuation Black Scholes option pricing model, with the following assumptions: a weighted average risk free interest rate of 1.09%; volatility factors of the expected market price of the Shares of 81%; and an expected life of 4.03 years.
- (3) On December 15, 2013, the Board granted \$102,812 of RSUs (or 205,624 RSUs) to Mr. Nelson and \$20,000 of RSUs (or 40,000 RSUs) to Ms. Kauffield in lieu of cash bonus payments for the year ended August 31, 2013. The RSUs were priced at \$0.50, being the closing price of the Shares on December 13, 2013, being the last trading day preceding the grant. The RSUs vested on January 23, 2014 following the receipt of the approval of the Shareholders at the annual and special meeting held January 23, 2014 and settle in the form of Shares in accordance with the RSU Plan.
- (4) On July 17, 2014, the Board awarded Mr. Moran a bonus in the amount of \$83,980 for the year ended August 31, 2014, of which \$41,990 is payable in RSUs. On December 15, 2014, the Board awarded Mr. Nelson aggregate bonus and retention payment of \$205,625 for the year ended August 31, 2014, of which \$102,812 is payable in RSUs and Ms. Kauffield was awarded a bonus of \$50,000 for the year ended August 31, 2014, of which \$25,000 is payable in RSUs. The vesting provisions and expiry date of the RSUs awarded to each of Mr. Nelson, Ms. Kauffield and Mr. Moran remain subject to the further determination of the Compensation Committee and shall be formally granted upon such determination.

Discussion

Significant factors necessary to understand the information disclosed in the Summary Compensation Table above include the terms of each Named Executive Officer's employment/consulting agreement.

Employment Agreements

Scott Nelson – Scott Nelson, President and CEO of the Company, entered into an employment agreement with the Company effective January 1, 2010. Pursuant to this agreement, Mr. Nelson's employment shall continue indefinitely until terminated in accordance with the terms of the employment agreement. Mr. Nelson's annual base salary under the agreement is \$300,000, which will be reviewed annually and may, in the discretion of the Board, be increased. On October 31, 2011, it was determined by the Company that Mr. Nelson's base pay was increased to \$325,000 per annum effective January 1, 2012.

Mr. Nelson is eligible for an annual bonus of up to 65% of his annual base salary. The granting and amount of any such annual bonus is in the sole discretion of the Board. Mr. Nelson was awarded an annual bonus in respect of the fiscal year ended August 31, 2014 in the amount of \$105,625, of which \$52,812 was paid in cash and \$52,812 is payable in RSUs. The vesting provisions and expiry date of the RSUs payable to Mr. Nelson in respect of the annual bonus payment for the fiscal year ended August 31, 2014 remain subject to the further determination of the Compensation Committee and shall be formally granted upon such determination. In addition, the Board approved a retention payment of \$100,000, of which \$50,000 was paid in cash and \$50,000 is payable in RSUs. The vesting provisions and expiry date of the RSUs payable to Mr. Nelson in respect of the retention bonus payment for the fiscal year ended August 31, 2014 remain subject to the further determination of the Compensation Committee and shall be formally granted upon such determination. In 2013 and 2012, Mr. Nelson was entitled to a retention bonus consisting of two payments of \$100,000 each.

As CEO, Mr. Nelson's specific objectives are set annually and reviewed by the Compensation Committee. For the fiscal year ended August 31, 2014, such specific objectives included: developing strategic and annual business plans; program formulation and advancement of the Company's research; qualifying and engaging external research and testing firms; achieving prospective laboratory scale technology solutions; arranging grant funding for research programs and advancing programs to the next phase of demonstration piloting; managing programs to budget targets and reducing overhead costs.

The Company may immediately terminate Mr. Nelson's employment for "Cause" as that term is defined in the agreement. The agreement also provides that Mr. Nelson can resign on 90 days advance written notice. The Company may also terminate the agreement at any time for any reason other than "Cause" but termination payments are required. See "*Termination and Change of Control Benefits*" below.

Jennifer Kaufield – The Company entered into an employment agreement with Jennifer Kaufield as Vice President Finance and Chief Financial Officer effective March 1, 2010. The agreement provides that employment shall continue indefinitely until terminated in accordance with the agreement. Ms. Kaufield's compensation is based on a daily rate of \$800 which will be reviewed annually and may, in the discretion of the Board, be increased. On October 31, 2011, it was determined by the Board that Ms. Kaufield's daily rate effective January 1, 2012 would be increased to \$960. Ms. Kaufield is eligible for an annual bonus of up to 15% of the daily salary aggregated over a 12 month period. The granting and amount of any such annual bonus is in the sole discretion of the Board. Ms. Kaufield was awarded an annual bonus in respect of the fiscal year ended August 31, 2014 in the amount of \$50,000, of which \$25,000 was paid in cash and \$25,000 is payable in RSUs. The vesting provisions and expiry date of the RSUs payable to Ms. Kaufield in respect of the annual bonus payment for the fiscal year ended August 31, 2014 remain subject to the further determination of the Compensation Committee and shall be formally granted upon such determination. Ms. Kaufield is entitled to receive vacation pay equal to 5% of the daily salary paid and a monthly payment by the Company of a contribution to her retirement savings plan in an annual amount that is equal to 5% of the daily salary paid.

The Company may immediately terminate Ms. Kaufield's employment for "Just Cause" as that term is defined in the agreement. The agreement provides that if the Company should terminate Ms. Kaufield's employment for "Just Cause", she will be paid her daily salary earned for services rendered up to and including the termination date, plus any accrued vacation pay and reimbursable expenses owing up to and including the termination date. The agreement also provides that Ms. Kaufield can resign on 90 days advance written notice. The Company may also terminate the agreement at any time for any reason other than "Just Cause"; however, termination payments are required. See "*Termination and Change of Control Benefits*" below.

Kevin Moran – The Company entered into an employment agreement with Kevin Moran as Vice President Process Development effective June 30, 2008. The agreement provides that employment shall continue indefinitely until

terminated in accordance with the agreement. Mr. Moran's initial annual base salary under the agreement was \$185,000, which was increased to \$215,000 effective June 30, 2010, and subsequently increased to \$225,750 effective June 30, 2011 and which will be reviewed annually and may, in the discretion of the Board, be increased. Mr. Moran is eligible for an annual bonus of up to 40% of his annual base salary. The granting and amount of any such annual bonus is in the sole discretion of the Board. Specific achievement objectives are set and reviewed annually. For the fiscal year ended August 31, 2014 such objectives included: technical management and advancement of research programs; achievement and testing of viable technical solutions; and planning and execution of piloting programs. Mr. Moran was awarded an annual bonus in respect of the fiscal year ended August 31, 2014 in the amount of \$83,980, of which \$41,990 was paid in cash and \$41,990 is payable in RSUs. The vesting provisions and expiry date of the RSUs payable to Mr. Moran in respect of the annual bonus payment for the fiscal year ended August 31, 2014 remain subject to the further determination of the Compensation Committee and shall be formally granted upon such determination.

Mr. Moran was paid retention payments under his employment agreement of \$50,000 on the fourth, fifth and sixth anniversaries of the agreement, as he was still actively employed by the Company on June 30, 2012 and June 30, 2013 and June 30, 2014.

In addition, the employment agreement provides for two achievement bonuses to be paid as follows: (i) if, on or before the first anniversary of the agreement the Company conducts laboratory testing of bitumen recovery technology which is deemed suitable for pilot testing, Mr. Moran shall receive a special achievement bonus of \$75,000 and will be granted 150,000 options; and (ii) if, on or before the second anniversary of the agreement the Company conducts successful pilot testing of bitumen removal and recovery technology which is deemed to be commercially feasible, Mr. Moran shall receive an additional special achievement bonus of \$75,000 and will be granted 250,000 options. The special achievement bonus described in (i) above was earned during the fiscal year ended August 31, 2009 and Mr. Moran was awarded a cash bonus of \$75,000 and 250,000 options (as opposed to 150,000 options). During the fiscal year ended August 31, 2010, the Board determined that the second special achievement bonus determination would be deferred to September 30, 2010 at which time it was achieved and paid. This was approved and paid in September 2010.

Mr. Moran is also entitled to a monthly payment by the Company of a contribution to his retirement savings plan in an annual amount that is equal to 5% of his annual base salary.

The Company may immediately terminate Mr. Moran's employment for "Just Cause" as that term is defined in the agreement. The agreement also provides that Mr. Moran can resign on 90 days advance written notice. The Company may also terminate the agreement at any time for any reason other than "Just Cause" but termination payments are required. See "*Termination and Change of Control Benefits*" below.

Incentive Plan Awards

Outstanding Share based Awards and Option based Awards

The following table sets forth for each Named Executive Officer all awards outstanding at the end of the most recently completed fiscal year, including awards granted before the most recently completed fiscal year.

Name	Option-based Awards				Share-based Awards ⁽⁴⁾⁽⁵⁾	
	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽³⁾	Number of Shares or units of Shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Scott Nelson <i>President and Chief Executive Officer</i>	300,000 450,000 350,000 ⁽²⁾ 500,000	0.83 1.32 2.00 1.00	September 15, 2014 September 27, 2015 January 25, 2016 April 30, 2018	360,000 319,500 10,500 515,000	N/A	102,812
Jennifer Kauffield <i>Chief Financial Officer</i>	75,000 50,000 50,000 ⁽²⁾ 150,000	0.485 1.32 2.00 1.00	February 1, 2015 September 27, 2015 January 25, 2016 April 30, 2018	115,875 35,500 1,500 154,500	N/A	25,000
Kevin Moran <i>Vice President Process Development</i>	75,000 250,000 175,000 ⁽²⁾ 300,000	\$0.68 \$1.32 \$2.00 \$1.00	November 30, 2014 September 27, 2015 January 25, 2016 April 30, 2018	101,250 177,500 5,250 309,000	N/A	41,990

Notes:

- (1) Vesting of all options, unless otherwise noted, occurs over 18 months with 1/6th vesting every 3 months following the date of grant.
- (2) Granted with the following vesting provisions: (i) one half on the completion of a technical and economic feasibility study acceptable to the Board enabling consideration by a first adopter of the Company's process, provided that the technical and economic feasibility occurs on or before June 30, 2011 or such later date as the Board may determine in their sole discretion; and (ii) the remaining one half upon the Company entering into a definitive agreement with an oil sands operator (first adopter) for the development of the Company's process, provided that such agreement is entered into on or before December 31, 2011 or such later date as the Board may determine in their sole discretion. The Company achieved the first milestone by June 30, 2011 and one half of the options granted vested. Subsequent to the fiscal year ended August 31, 2011, the Board resolved to extend the vesting period pertaining to the grant of stock options on January 25, 2011 so that 50% of the unvested stock options granted vest on the Company entering into a definitive agreement with an oil sands operator (first adopter) for the development of the Company's process, provided that such agreement is entered into on or before June 1, 2012 or such later date as the Board may determine in their sole discretion. On June 1, 2012 the remaining unvested options were forfeited as the Company did not conclude a definitive agreement with an oil sands operator (first adopter) for the development of the Company's process by the target date of June 1, 2012.
- (3) The value of unexercised options was calculated using the closing price of the Shares on August 29, 2014, which was \$2.03 per Share, less the exercise price of the options.
- (4) On December 15, 2013, the Board granted \$102,812 of RSUs (or 205,624 RSUs) to Mr. Nelson and \$20,000 of RSUs (or 40,000 RSUs) to Ms. Kauffield in lieu of cash bonus payments for the year ended August 31, 2013. The RSUs were priced at \$0.50, being the closing price of the Shares on December 13, 2013, being the last trading day preceding the grant. The RSUs vested on January 23, 2014 following the receipt of the approval of the Shareholders at the annual and special meeting held January 23, 2014 and settle in the form of Shares in accordance with the RSU Plan.
- (5) On July 17, 2014, the Board awarded Mr. Moran a bonus in the amount of \$83,980 for the year ended August 31, 2014, of which \$41,990 is payable in RSUs. On December 15, 2014, the Board awarded Mr. Nelson aggregate bonus and retention payment of \$205,625 for the year ended August 31, 2014, of which \$102,812 is payable in RSUs and Ms. Kauffield was awarded a bonus of \$50,000 for the year ended August 31, 2014, of which \$25,000 is payable in RSUs. The vesting

provisions and expiry date of the RSUs awarded to each of Mr. Nelson, Ms. Kaufield and Mr. Moran remain subject to the further determination of the Compensation Committee and shall be formally granted upon such determination.

Incentive Plan Awards – Value Vested or Earning During the Year

The following table sets forth details of the value vested or earned during the most recently completed fiscal year for each incentive plan award.

Name	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⁾
Scott Nelson <i>President and Chief Executive Officer</i>	133,333	127,487	102,812
Jennifer Kaufield <i>Chief Financial Officer</i>	40,000	24,800	25,000
Kevin Moran <i>Vice President Process Development</i>	80,000	Nil	91,990

Notes:

- (1) The value vested during the year of option based awards was calculated using the closing price of the Shares on April 29, 2014 and July 29, 2014 (the first trading days following each vesting date), which was \$1.95 and \$1.65 per Share, less the exercise price of the options.
- (2) On December 15, 2013, the Board granted \$102,812 of RSUs (or 205,624 RSUs) to Mr. Nelson and \$20,000 of RSUs (or 20,000 RSUs) to Ms. Kaufield in lieu of cash bonus payments for the year ended August 31, 2013. The RSUs were priced at \$0.50, being the closing price of the Shares on December 13, 2013, being the last trading day preceding the grant. The RSUs vested on January 23, 2014 following the receipt of the approval of the Shareholders at the annual and special meeting held January 23, 2014 and settle in the form of Shares in accordance with the RSU Plan.
- (3) On July 17, 2014, the Board awarded Mr. Moran a bonus in the amount of \$83,980 for the year ended August 31, 2014, of which \$41,990 is payable in RSUs. On December 15, 2014, the Board awarded Mr. Nelson aggregate bonuses of \$205,625 for the year ended August 31, 2014, of which \$102,812 is payable in RSUs and Ms. Kaufield was awarded a bonus of \$50,000 for the year ended August 31, 2014, of which \$25,000 is payable in RSUs. The vesting provisions and expiry date of the RSUs awarded to each of Mr. Nelson, Ms. Kaufield and Mr. Moran remain subject to the further determination of the Compensation Committee and shall be formally granted upon such determination.

Discussion

The significant terms of all plan based awards, including non equity incentive plan awards, issued or vested, or under which options have been exercised, during the year, or outstanding at year end, are set out above under the heading "*Compensation Discussion and Analysis*".

Pension Plan Benefits

The Company does not provide a defined benefit plan or a defined contribution plan for any of its executive officers, nor does it have a deferred compensation plan for any of its executive officers.

Termination and Change of Control Benefits

The following contracts, agreements, plans and arrangements provide for payments to the applicable Named Executive Officers at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the company or a change in such Named Executive Officers' responsibilities:

Scott Nelson – If Mr. Nelson's employment is terminated other than for "Cause" as that term is defined in his employment agreement, the Company is required to pay to Mr. Nelson: (i) the accrued and unpaid annual base salary to the date of termination; (ii) all accrued and unused vacation pay owing to date of termination; and (iii) a retiring allowance equal to 12 months (the "**Service Factor**") of his annual base salary as at the termination date during the first

year of the employment agreement (being the 2010 calendar year) of his annual base salary as at the termination date plus a prorated portion of his annual bonus for the year of such termination. The Service Factor shall increase by one for each completed year of service thereafter up to a maximum of 24.

Jennifer Kaufield – If Ms. Kaufield's employment is terminated for any reason other than for "Just Cause" as that term is defined in her employment agreement, the Company is required to pay to Ms. Kaufield: (i) her daily salary earned for services to and including the date of termination; (ii) the pro rata annual bonus to the date of termination based on the annual bonus paid in the prior year; (iii) all accrued vacation pay and reimbursable expenses owing to and including the date of termination; and (iv) a retiring allowance equal to one-third of her annual aggregate daily salary as at the termination date.

Kevin Moran – If Mr. Moran's employment is terminated other than for "Just Cause" as that term is defined in his employment agreement, the Company is required to pay to Mr. Moran: (i) the pro rata annual base salary to the date of termination; (ii) all accrued and unused vacation pay and reimbursable expenses owing to date of termination; and (iii) a retiring allowance equal to 12 months of his annual base salary as at the termination date.

For illustrative purposes, if these Named Executive Officers had been terminated on August 31, 2014, the following amounts would have been payable:

Name	Aggregate amount payable for base salary	Aggregate amount payable for bonus	Aggregate amount payable for perquisites and benefits	Option-based awards – Assuming all awards vested ⁽¹⁾	Total
Scott Nelson <i>President and Chief Executive Officer</i>	\$400,000	\$143,500	\$12,000	\$1,205,000	\$1,760,500
Jennifer Kaufield <i>Chief Financial Officer</i>	\$36,000	\$30,000	\$2,080	\$307,375	\$375,455
Kevin Moran <i>Vice President Process Development</i>	\$225,700	\$21,500	-	\$593,000	\$840,200

Note:

- (1) The value of option based awards was calculated using the closing price of the Shares on August 29, 2014, which was \$2.03 per Share, less the exercise price of the options. The table disclosure above provides the value of each Named Executive Officer's options should they vest upon a change of control, assuming that the Board has determined that such vesting of all options should occur. Such accelerated vesting is not provided for under the Name Executive Officers' employment agreements on termination, but may, at the discretion of the Board and on such terms as the Board sees fit, occur on a change of control. On the occurrence of a change in control, the Board may determine to accelerate the vest of none or only some of the Named Executive Officers' options.

Director Compensation

Director Compensation Table

The following table sets forth all amounts of compensation provided to the Non-Management Directors for the Company's most recently completed financial year.

Name	Fees earned (\$)	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$)	Non-equity incentive plan compensation (\$) ⁽¹⁾	Pension value (\$)	All other compensation (\$)	Total (\$)
Gordon Pridham (Non-Executive Chairman)	55,850	5,000	-	-	-	-	60,800
Moss Kadey	21,050	9,950	-	-	-	-	31,000
Malcolm Macpherson ⁽²⁾	27,600	4,700	-	-	-	-	32,300
Brant Sangster	34,000	5,000	-	-	-	-	39,000
Eric Slavens	40,800	5,000	-	-	-	-	45,800
David Macdonald	30,800	5,000	-	-	-	-	35,800

Notes:

- (1) On April 30, 2013, the Board granted \$50,000 of DSUs (or 55,555 DSUs) to each of the Non-Management Directors. The DSUs were priced at the closing price of the Shares on April 29, 2013, being \$0.90. The DSUs vested on grant and will be settled in cash at the time of the Non-Management Director's retirement from the Board based on the market price of the Shares at the time of retirement. Following adoption of the DSU Plan, Non-Management Directors made elections under the DSU Plan to receive certain percentages of their applicable retainers and fees on a quarterly basis in DSUs in lieu of cash payments. See "*Discussion – Board Fees*" below.
- (2) Malcolm Macpherson ceased to be a director of the Company on June 30, 2014.

Discussion

Significant factors necessary to understand the information disclosed in the Director Compensation Table above include board fees, the Company's share ownership policy for directors and DSUs.

Board Fees

During the fiscal year ended August 31, 2014, each of the Non-Management Directors was entitled to annual compensation in the amount of \$25,000 and the payment of \$1,200 per meeting in connection with attending meetings of the Board and meetings of the Board's committees. The Non Executive Chairman of the Board was entitled to additional annual compensation in the amount of \$25,000. The Chairman of the Audit Committee for the period September 1, 2011 to April 17, 2012 was entitled to additional annual compensation in the amount of \$8,000 and for the period April 18, 2012 to August 31, 2014, additional annual compensation in the amount of \$10,000. The Chairman of the Compensation Committee was entitled to additional annual compensation in the amount of \$8,000 and for the period April 18, 2012 to August 31, 2014. The Chairman of the Technical Committee for the period April 18, 2012 to August 31, 2014 was entitled to additional annual compensation in the amount of \$8,000.

Following adoption of the DSU Plan, Non-Management Directors also participate in the DSU Plan, pursuant to which Non-Management Directors receive a portion of their compensation in the form of DSUs, which are not redeemable until after a Non-Management Directors has retired from the Board. Each Non-Management Director has the right to

elect at any time by August 15 of each financial year to be credited with DSUs in lieu of all or any part of the annual board retainer, annual chair retainer and any meeting fees otherwise payable to such Non-Management Director in cash in the immediately succeeding financial year. Each Non-Management Director will be credited with the percentage of elected DSUs in lieu of the applicable retainer or fees quarterly in arrears on the last day of each quarter in each year. DSUs will be settled by way of issuance of Shares when the director retires from all positions with the Company, forming a direct alignment between director remuneration and Shareholder interests. Management directors (i.e. Mr. Nelson) are not eligible to participate in the DSU Plan.

Share Ownership Policy

On November 15, 2008, the Board adopted a share ownership policy that requires, effective from the annual meeting of Shareholders held on January 26, 2009 and thereafter, a director to acquire 50,000 Shares over a three year period from the date of his or her initial election as a director.

Deferred Share Units

The Company adopted the DSU Plan on December 15, 2013 and the DSU Plan was approved by Shareholders at the annual and special meeting held January 23, 2014. The purpose of the DSU Plan is to promote the alignment of interests between directors and Shareholders while enabling the Non-Management Directors to participate in the long-term success of the Company through the grant of DSUs.

A summary of the DSU Plan is included in this Circular under the heading "*Statement of Executive Compensation – Elements of Compensation – DSU Plan*". This summary is qualified in its entirety by the full text of the DSU Plan attached hereto as Schedule "B". Additionally, see "*Particulars of Matters to be Acted Upon – Approval of Amendments to the DSU Plan and Confirmation of the DSU Plan*".

Other Information

There were no repricings or any changes to the terms of the Plan during the fiscal year ended August 31, 2014.

Other than as described above, the Company did not have any other share based or option based award programs for Non-Management Directors in place during the fiscal year ended August 31, 2014.

Incentive Plan Awards for Directors

Outstanding Option Based Awards and Share Based Awards

The following table sets forth for each Non-Management Director all awards outstanding at the end of the most recently completed fiscal year, including awards granted before the most recently completed fiscal year.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽³⁾	Number of Shares or units of Shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Gordon Pridham	50,000 50,000 50,000 ⁽²⁾	\$0.68 \$1.32 \$2.00	November 30, 2014 September 27, 2015 January 25, 2016	67,500 35,500 1,500	N/A	N/A
Moss Kadey	50,000 50,000 50,000 ⁽²⁾	\$0.68 \$1.32 \$2.00	November 30, 2014 September 27, 2015 January 25, 2016	67,500 35,500 1,500	N/A	N/A
Malcolm Macpherson ⁽⁴⁾	N/A	N/A	N/A	N/A	N/A	N/A
Brant Sangster	25,000 50,000 50,000 ⁽²⁾	\$0.68 \$1.32 \$2.00	November 30, 2014 September 27, 2015 January 25, 2016	33,750 35,500 1,500	N/A	N/A
Eric Slavens	50,000 50,000 50,000 ⁽²⁾	\$0.68 \$1.32 \$2.00	November 30, 2014 September 27, 2015 January 25, 2016	67,500 35,500 1,500	N/A	N/A
David Macdonald	75,000	\$1.75	January 25, 2017	21,000	N/A	N/A

Notes:

- (1) Vesting of all options, unless otherwise noted, occurs over 18 months with 1/6th vesting every 3 months following the date of grant.
- (2) Granted with the following vesting provisions: (i) one half on the completion of a technical and economic feasibility study acceptable to the Board enabling consideration by a first adopter of the Company's process, provided that the technical and economic feasibility occurs on or before June 30, 2011 or such later date as the Board may determine in their sole discretion; and (ii) the remaining one half upon the Company entering into a definitive agreement with an oil sands operator (first adopter) for the development of the Company's process, provided that such agreement is entered into on or before December 31, 2011 or such later date as the Board may determine in their sole discretion. The Company achieved the first milestone by June 30, 2011 and one half of the options granted vested. Subsequent to the fiscal year ended August 31, 2011, the Board resolved to extend the vesting period pertaining to the grant of stock options on January 25, 2011 so that 50% of the unvested stock options granted vest on the Company entering into a definitive agreement with an oil sands operator (first adopter) for the development of the Company's process, provided that such agreement is entered into on or before June 1, 2012 or such later date as the Board may determine in their sole discretion. On June 1, 2012 the remaining unvested options were forfeited as the Company did not conclude a definitive agreement with an oil sands operator (first adopter) for the development of the Company's process by the target date of June 1, 2012.
- (3) The value of unexercised options was calculated using the closing price of the Shares on August 29, 2014, which was \$2.03 per Share, less the exercise price of the options.
- (4) Malcolm Macpherson ceased to be a director of the Company on June 30, 2014.

Incentive Plan Awards – Value Vested or Earning During the Year

The following table sets forth details of the value vested or earned by each Non-Management Director during the most recently completed financial year for each incentive plan award.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year \$(⁽¹⁾)
Gordon Pridham	Nil	5,000	Nil
Moss Kadey	Nil	9,950	Nil
Malcolm Macpherson ⁽²⁾	Nil	4,700	Nil
Brant Sangster	Nil	5,000	Nil
Eric Slavens	Nil	5,000	Nil
David Macdonald	Nil	5,000	Nil

Notes:

- (1) On April 30, 2013, the Board granted \$50,000 of DSUs (or 55,555 DSUs) to each of the Non-Management Directors. The DSUs were priced at the closing price of the Shares on April 29, 2013, being \$0.90. The DSUs vested on grant and will be settled in cash at the time of the Non-Management Director's retirement from the Board based on the market price of the Shares at the time of retirement. Following adoption of the DSU Plan, Non-Management Directors made elections under the DSU Plan to receive certain percentages of their applicable retainers and fees on a quarterly basis in DSUs in lieu of cash payments. See "*Discussion – Board Fees*" above.
- (2) Malcolm Macpherson ceased to be a director of the Company on June 30, 2014.

Discussion

The significant terms of all plan based awards, including non equity incentive plan awards, issued or vested, or under which options have been exercised, during the year, or outstanding at year end, are set out above in the Compensation Discussion and Analysis. No outstanding options held by directors were exercised during the financial year ended August 31, 2014.

Generally, each year the Board considers whether to grant additional options to the directors. However, there are no definitive arrangements and such consideration is done after review, consideration and recommendation by the Compensation Committee.

Directors' and Officers' Liability Insurance and Indemnification

The Company maintains directors' and officers' liability insurance (containing industry standard exclusions and deductibles) in order to protect the Company and its directors and officers against any legal action which may arise due to alleged wrongful acts on the part of directors and officers of the Company. In addition, the Company, as provided for in the Company's by-laws, has entered into indemnity agreements with each of its directors and officers. The Board considers it desirable and in the best interests of the Company to enter into these agreements in order to set out the circumstances and manner in which the indemnified party may be indemnified in respect of certain liabilities or expenses which the indemnified party may incur as a result of acting as a director or officer of the Company.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table details all compensation plans under which equity securities of the Company are authorized for issuance as at August 31, 2014:

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 reflected in column (a)) (c)
Equity compensation plans approved by securityholders ⁽¹⁾	3,658,400 Options 370,447 DSUs	\$1.28 Options \$0.90 DSUs	2,413,656
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	4,028,847	\$1.25	2,413,656

Note:

- (1) For descriptions of the Plan, the DSU Plan and the RSU Plan, see "Statement of Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Long-term Incentives – Stock Option Plan", " – DSU Plan" and " – RSU Plan", respectively.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

Other than routine indebtedness, no current or former director, officer or employee of the Company or any of its subsidiaries, proposed nominee for election as a director of the Company or any associate or affiliate of any director, officer, employee or proposed nominee is, or at any time during the recently completed fiscal year was, indebted to the Company or any of its subsidiaries (in connection with a purchase of securities or otherwise) or to another entity where the indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed under the heading "Statement of Executive Compensation" no transaction has been entered into since August 31, 2014 or is proposed to be entered into by the Company involving an officer or director of the Company, a proposed nominee for election as a director of the Company, a principal shareholder of the Company, an informed person (as such term is defined in National Instrument 51-102) or any associate or affiliate of any such person or company which has materially affected or would materially affect the Company or any of its subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

NI 58-101 requires the Company to disclose annually in its information circular certain information relating to the Company's corporate governance practices.

Board of Directors

The Board currently consists of six (6) directors, five (5) of whom are considered by the Board to be "independent" within the meaning of NI 58-101, thereby facilitating the Board's exercise of independent supervision over Management. The following directors are considered by the Board to be independent: Gordon Pridham, Moss Kadey, David Macdonald, Brant Sangster and Eric Slavens.

The only director considered by the Board to not be independent as of the date of this Circular is Scott Nelson, President and CEO of the Company.

Directorships

Except as set out below, none of the directors of the Company is presently a director of any other issuer that is a reporting issuer (or the equivalent) in Canada or a foreign jurisdiction:

Name	Company
Gordon Pridham	Newalta Corporation Roxgold Inc. U.S. Silver and Gold Corporation
Brant Sangster	Canadian Oil Sands Limited Inter Pipeline Fund
Eric Slavens	Altus Group Limited

Orientation and Continuing Education

The Board orients new directors by providing them with background and due diligence information, such as the minutes for the prior year's Board and Audit Committee meetings, a copy of the Exchange's Corporate Finance Manual, information respecting the Board's committees, information regarding Directors' and Officers' Liability Insurance, copies of all the Company's governance policies and a memorandum of the duties and liabilities of directors. In addition, new directors meet with the Chairman, the CEO and members of management and are taken on a site visit of the Company's project. The Board provides continuing education for directors by arranging for presentations from members of management and outside advisors and circulating materials on new issues and developments, when applicable. Management presents to and refreshes the directors on the strategic plan of the Company.

Ethical Business Conduct

To encourage and promote a culture of ethical business conduct, the Board has adopted a Code of Business Conduct and Ethics (the "**Code**") that is applicable to the employees, officers and directors of the Company. The Code requires the reporting of actual or potential violations of the Code or of any law or regulation, whether committed by employees of the Company or by others associated with the Company, to the Chair of the Audit Committee, on a confidential, anonymous basis, if desired. The Audit Committee is responsible for investigating each matter so reported and for taking corrective disciplinary actions, if appropriate, up to and including termination of employment. A copy of the Code is available on SEDAR at www.sedar.com.

Nomination of Directors

The Compensation Committee is responsible for assisting the Board in carrying out its corporate governance and nomination responsibilities. The Compensation Committee's responsibilities include: (i) formulating criteria for Board membership; (ii) canvassing Board members for possible candidates; (iii) developing a list of potential candidates, as required; and (iv) recommending to the Board proposed nominees for election to the Board. The process of identifying new candidates generally involves the Compensation Committee determining the necessary skills required for the Board, and when a vacancy occurs, the independent directors identifying candidates and then presenting them to the Board as a whole for consideration.

Compensation

The Compensation Committee is also responsible for assisting the Board in fulfilling its oversight responsibilities with respect to human resource and compensation matters. The Compensation Committee's responsibilities include recommending to the Board for approval: (i) the remuneration of the CEO, including salary, bonus, options and any other incentive plan; (ii) the annual compensation budget for staff of the Company; (iii) the number of Shares to be reserved under the Plan; (iv) the number of options to be granted pursuant to the Plan; (iv) salaries, target bonus awards, other incentive awards and options for the officers of the Company; (v) implementation of or changes to compensation and benefits policies; and (vi) administering the DSU Plan and the RSU Plan. The process for determining compensation generally involves the Compensation Committee reviewing recommendations by management, assessing general sector practices and reviewing the circumstances under which compensation is warranted. Following such considerations, the Compensation Committee recommends to the Board for approval the compensation of the CEO and

senior executive officers, including any grants of stock options. For more information, see "*Statement of Executive Compensation*" in this Circular.

Other Board Committees

The Board presently has three standing committees being the Audit Committee, the Technical Committee and the Compensation Committee.

Assessments

To satisfy itself that the Board, its committees and its individual directors are performing effectively, the Board, through the Chairman, informally determines the needs of the Company as its development proceeds and considers the requisite skills and contribution of the directors at such stage of development. To assist in this assessment the Compensation Committee facilitates a process which involves a formal director's questionnaire being provided to each director to review the effectiveness of the Board and to assess if it is meeting its objectives.

Other Governance Related Policies

The Board has also adopted a Disclosure Policy, an Investment Policy, an Insider Trading and Blackout Policy and Procedures for Handling Employee Complaints.

AUDIT COMMITTEE INFORMATION

National Instrument 52-110 of the Canadian Securities Administrators ("**NI 52-110**") requires the Company to disclose annually in its information circular certain information relating to the Company's audit committee (the "**Audit Committee**") and its relationship with the Company's independent auditors.

The Audit Committee's Charter

The Company's Audit Committee is governed by its audit committee charter, a copy of which is attached hereto as Schedule "D".

Composition of the Audit Committee

The Company's Audit Committee is presently comprised of Eric Slavens (Chair), Gordon Pridham and David Macdonald. As defined in NI 52-110, each of the members of the Audit Committee is "financially literate" and are all considered "independent".

Relevant Education and Experience

Eric Slavens, a Fellow of the Institute of Chartered Accountants of Ontario, entered the public accounting profession in 1968. Mr. Slavens held the position of Managing Partner, Toronto Mid Market office with Price Waterhouse and served as the National IPO Services Leader of PricewaterhouseCoopers for ten (10) years and in such capacity has experience in the preparation and auditing of financial statements.

Mr. Macdonald has spent almost 30 years in investment and merchant banking and has been a director of public and private companies and non-profit organizations which has provided him with extensive experience reviewing financial statements.

Mr. Pridham has spent 25 years in the financial services industry and has extensive experience reviewing the financial information of reporting issuers.

Given the scope and nature of the Company's business, its financial statements and the accounting issues arising therefrom, all of the members of the Audit Committee have an understanding of the accounting principles used by the Company to prepare its financial statements, have the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves and have experience in evaluating

financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

Audit Committee Oversight

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

Reliance on Certain Exemptions

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

Pre Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non audit services. The Audit Committee reviews the engagement of non audit services as required.

External Auditor Service Fees (By Category)

The fees billed by the Company's external auditor in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
August 31, 2014	\$42,525	\$2,100	\$15,500	Nil
August 31, 2013	\$44,650	\$2,205	\$10,500	\$10,500

Services for which "Audit Related Fees" were billed comprised of reviews of the Company's unaudited first, second and third quarter financial statements.

Services for which "All Other Fees" were billed comprised of project audit fees in connection with the SDTC contribution agreement for the requirement to prepare a final project audit report.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the year ended August 31, 2014. Shareholders may contact the Chief Financial Officer at the Company's registered office to request copies of the Company's financial statements and management's discussion and analysis.

BOARD APPROVAL

The contents and sending of this Circular have been approved by the directors of the Company.

DATED this 8th day of January, 2015.

BY ORDER OF THE BOARD

"Gordan Pridham"
Gordon Pridham
Chairman

SCHEDULE "A"

TITANIUM CORPORATION INC.

STOCK OPTION PLAN

1. Purpose of the Plan

The purpose of the Plan is to: (i) encourage ownership of common shares of the Corporation by the directors, officers, employees and consultants of the Corporation; (ii) advance the interests of the Corporation by providing additional incentives for superior performance by such persons; and (iii) enable the Corporation to attract and retain valued directors, officers, employees and consultants.

2. Defined Terms

2.1 Where used herein, the following terms shall have the following meanings:

- (a) **"Blackout Period"** means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Option;
- (b) **"Board"** means the board of directors of the Corporation;
- (c) **"Common Shares"** means the common shares of the Corporation or, in the event of an adjustment contemplated by section 10 hereof, such shares to which a Optionee may be entitled upon the exercise of an Option as a result of such adjustment;
- (d) **"Consultant"** has the meaning ascribed thereto in the Exchange Policies;
- (e) **"Corporation"** means Titanium Corporation Inc., a corporation continued under the *Canada Business Corporations Act*, and includes any successor corporation thereof;
- (f) **"Discounted Market Price"** has the meaning ascribed thereto in the Exchange Policies;
- (g) **"Employee"** has the meaning ascribed thereto in the Exchange Policies;
- (h) **"Exchange"** means the TSX Venture Exchange or, if the Common Shares are not then listed and posted for trading on the TSX Venture Exchange, any stock exchange in Canada on which such shares are listed and posted for trading;
- (i) **"Exchange Policies"** means the policies of the TSX Venture Exchange set forth in the Corporate Finance Manual or the policies of another Exchange, as the case may be;
- (j) **"Expiry Time"** means the time at which the Options will expire, being 4:00 p.m. (Calgary time) on a date to be fixed by the Board at the time the Option is granted;
- (k) **"Insider"** has the meaning ascribed thereto in the Exchange Policies;
- (l) **"Investor Relations Activities"** has the meaning ascribed thereto in the Exchange Policies;
- (m) **"Option"** means an option to purchase a designated number of Common Shares from treasury granted by the Corporation to an Optionee, subject to the provisions hereof;

- (n) **"Option Price"** means the price per share at which Common Shares may be purchased under the Option, as may be adjusted pursuant to the provisions hereof;
- (o) **"Option Term"** means a term during which an Optionee may exercise an Option granted pursuant to the Plan;
- (p) **"Optionee"** means a director, officer, Employee, or a Company (as defined in the Exchange Policies) that is wholly owned by such individuals, or a Consultant of the Corporation, to whom an Option is granted pursuant to the Plan;
- (q) **"Plan"** means this Stock Option Plan of the Corporation, as may be amended or varied from time to time;
- (r) **"Previous Plan"** means the previous Stock Option Plan of the Corporation, last amended on February 23, 2006; and
- (s) **"Security Based Compensation Arrangement"** means: (i) stock option plans for the benefit of directors, officers, employees and/or consultants or other service providers or any one of such groups; (ii) individual stock options granted to directors, officers, employees and/or consultants or other service providers if not granted pursuant to a plan previously approved by the shareholders of the Corporation; (iii) stock purchase plans where the Corporation provides financial assistance or where the Corporation matches the whole or a portion of the securities being purchased; (iv) stock appreciation rights involving issuances by the Corporation of securities from treasury; (v) deferred share unit plans for the benefit of non-executive directors of the Corporation; (vi) incentive rights plans for the benefit of officers, employees and/or consultants or other service providers; (vii) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Corporation to directors, officers, employees and/or consultants or other service providers; and (viii) security purchases from treasury by a director, officer, employee and/or consultant or other service provider which is financially assisted by the Corporation by any means whatsoever.

3. Administration of the Plan

3.1 The Board shall administer the Plan. The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem necessary or proper and in the best interests of the Corporation. The Board shall have full and final power to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations for administering the Plan, subject to shareholder approval if required by the Exchange.

3.2 The Board may delegate its powers to administer the Plan to a committee of the Board, in which case all references herein to the Board shall be deemed to refer to such committee. Such committee shall be comprised of two or more members of the Board who shall serve at the pleasure of the Board. Vacancies occurring on such committee shall be filled by the Board.

3.3 All decisions and interpretations of the Board respecting the Plan or Options granted hereunder shall be conclusive and binding on the Corporation and the Optionees and their respective legal personal representatives.

3.4 The Board shall ensure that Optionees are eligible to participate under the Plan and shall confirm that an Optionee is a bona fide Employee or Consultant, as the case may be.

4. Eligibility for Options

4.1 The Board, at any time and from time to time, may designate those Optionees to whom Options are to be granted and may grant Options to such Optionees. Each grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time.

4.2 Nothing in the Plan shall be deemed to give any person any right to participate in the Plan or be granted an Option. The Board shall consider such factors as it deems pertinent in selecting Optionees and in determining the amounts and terms of Options to be granted.

5. Number of Common Shares Available under the Plan

5.1 Subject to section 5.3, the aggregate number of Common Shares reserved for issuance pursuant to Options granted under the Plan, the Previous Plan and any other Security Based Compensation Arrangements shall not exceed ten percent (10%) of the issued and outstanding Common Shares as at the date of grant (on a non-diluted basis).

5.2 Any grant of Options under the Plan shall be subject to the following restrictions:

- (a) the aggregate number of Common Shares reserved for issuance pursuant to Options and other securities issued under other Security Based Compensation Arrangements granted to any one individual in any twelve (12) month period shall not exceed five percent (5%) of the issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
- (b) the aggregate number of Common Shares reserved for issuance pursuant to Options and other securities issued under other Security Based Compensation Arrangements granted to any one Consultant in any twelve (12) month period shall not exceed two percent (2%) of the issued and outstanding Common Shares;
- (c) the aggregate number of Common Shares reserved for issuance pursuant to Options and other securities issued under other Security Based Compensation Arrangements granted to all Optionees who are engaged in Investor Relations Activities in any twelve (12) month period shall not exceed two percent (2%) of the issued and outstanding Common Shares; and
- (d) the aggregate number of Common Shares reserved for issuance pursuant to Options and other securities issued under other Security Based Compensation Arrangements granted to Insiders shall not exceed ten percent (10%) of the issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
- (e) the aggregate number of Common Shares reserved for issuance pursuant to Options and other securities issued under other Security Based Compensation Arrangements granted to Insiders in any twelve (12) month period shall not exceed ten percent (10%) of the issued and outstanding Common Shares, unless disinterested shareholder approval is obtained.

5.3 Options previously granted under the Previous Plan (and outstanding upon the adoption of the Plan) and Options granted under the Plan that are exercised, are cancelled or that expire without being exercised shall continue to be issuable under the Plan.

5.4 All Options granted pursuant to this Plan shall be subject to the Exchange Policies.

6. Option Price

6.1 The Option Price shall be fixed by the Board at the time the Option is granted to an Optionee. In no event shall the Option Price be less than the Discounted Market Price.

6.2 Once the Option Price has been determined by the Board, accepted by the Exchange and the Option has been granted, the Option Price can be amended only if at least six months have elapsed since the later of the date of commencement of the Option Term and the date the Option Price was last amended.

6.3 If the Optionee is an Insider, the Option Price may only be reduced if disinterested shareholder approval is obtained, provided that such disinterested shareholder approval is then a requirement of the Exchange or other regulatory body having jurisdiction.

7. Option Term

7.1 The Option Term shall be determined by the Board at the time an Option is granted and shall not exceed 10 years from the date of grant. Each Option and all rights thereunder shall expire at the Expiry Time, but shall be subject to earlier termination in accordance with section 11 hereof.

8. Vesting and Accelerated Vesting

8.1 The Board will determine the vesting period or periods within the Option Term during which an Optionee may exercise an Option or a portion thereof, provided that Options issued to Consultants performing Investor Relations Activities must vest in stages over 12 months with no more than 1/4 of the options vesting in any three month period.

8.2 In the event that certain events such as a take-over bid of the Corporation, or a liquidation or dissolution of the Corporation, or a re-organization, plan of arrangement, merger or consolidation of the Corporation with one or more corporations as a result of which the Corporation is not the surviving corporation, or the sale by the Corporation of all or substantially all of the property and assets of the Corporation to another corporation, prior to the Expiry Time, are proposed or contemplated, the Board may, notwithstanding the terms of this Plan, exercise its discretion to permit accelerated vesting of Options on such terms as the Board sees fit at that time. If the Board, in its sole discretion, determines that the Common Shares subject to any Option granted hereunder shall vest on an accelerated basis, all Optionees entitled to exercise an unexercised portion of Options then outstanding shall have the right at such time, upon written notice being given by the Corporation, to exercise such Options to the extent specified and permitted by the Board, and within the time period specified by the Board, which shall not extend past the Expiry Time.

9. Exercise of Option

9.1 Subject to the provisions of the Plan, an Option or a portion thereof may be exercised, from time to time, by delivery to the Corporation's head office of a notice specifying the number of Common Shares in respect of which the Option is then being exercised, accompanied by the full purchase price of the Common Shares which are the subject of the exercise.

10. Adjustments in Common Shares

10.1 If the outstanding Common Shares are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation through a re-organization, plan of

arrangement, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the Board, in its discretion, in the number or kind of shares optioned and the exercise price per share, as regards previously granted and unexercised Options or portions thereof, and as regards Options which may be granted subsequent to any such change in the Corporation's capital.

10.2 Determinations by the Board as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. The Corporation shall not be obligated to issue fractional securities in satisfaction of any of its obligations hereunder.

11. Ceasing to be a Director, Officer, Employee or Consultant

11.1 If an Optionee ceases to be a director, officer, Employee or Consultant of the Corporation for any reason other than retirement, permanent disability or death, as further described in section 11.3 and 11.4 hereof, the Optionee may, but only within the next 30 days following the effective date of resignation or the date on which notice of termination of employment is given by the Corporation, whether such termination is with or without reasonable notice (and, for greater certainty, notwithstanding that a period of reasonable notice, if any, relating to the cessation of the Optionee's employment may extend beyond the date on which an Option terminates in accordance with this section), exercise such Optionee's Options to the extent that the Optionee was entitled to exercise such Options as at the effective date of resignation or the date on which notice of termination of employment is given, as the case may be, provided that in no event shall such right extend beyond the Option Term.

11.2 In the event an Optionee who is engaged in Investor Relations Activities to the Corporation ceases to be employed to provide Investor Relations Activities to the Corporation for any reason, such Optionee's Options shall expire on the earlier of (i) the 30th day following the date the Optionee ceases to be employed to provide Investor Relations Activities, and (ii) at the Expiry Time.

11.3 In the event of death of an Optionee, the legal personal representatives of the Optionee may within the next 12 months following the date of death, exercise such Optionee's Options to the extent that the Optionee was entitled to exercise such Options as at date of death, provided that if the Option shall expire within such 12 month period, then the Expiry Time shall be extended to 12 months following the death of the Optionee.

11.4 In the event of retirement (including retirement under any retirement plan of the Corporation or any subsidiary and/or termination of employment due to a change in control and/or management of the Corporation) or permanent disability, the Optionee may, but only within the next 3 months following the effective date of retirement or the date on which notice of permanent disability was given to the Corporation, exercise such Optionee's Options to the extent that the Optionee was entitled to exercise such Options as at the effective date of retirement or the date on which notice of permanent disability was given to the Corporation, as the case may be, provided that if the Optionee shall die within such 3 month period, then such right shall be extended to 12 months following the death of the Optionee and shall be exercisable in accordance with section 11.3 hereof and provided that if the Option shall expire within such 3 or 12 month period, then the Expiry Time shall be extended to 3 months following the effective date of retirement or the date on which notice of permanent disability was given to the Corporation or 12 months following the death of the Optionee, as applicable.

11.5 Notwithstanding any other provision hereof, in the event of termination for cause of an Optionee, all Options held by the Optionee shall expire and terminate immediately at the time of delivery of notice of termination of employment for cause to the Optionee by the Corporation and shall be of no further force or effect whatsoever.

11.6 If, through no wrong-doing by the Optionee, trading of the Common Shares are halted for an extended period of time and the Option expires during that time, then the Expiry Time will be extended to 3 months following the resumption of trading, or by equal to the number of days during which trading was halted, whichever is earliest. In no event shall the Option Term of an Option be extended beyond 10 years after the date upon which the Option is granted.

11.7 If the normal expiry date of any Option falls within any Blackout Period or within 10 business days (being a day other than a Saturday, Sunday or other than a day when banks in Calgary, Alberta are not generally open for business) following the end of any Blackout Period (the "**Restricted Options**"), then the expiry date of such Restricted Options shall, without any further action, be extended to the date that is 10 business days following the end of such Blackout Period.

12. Transferability

12.1 All benefits, rights and options accruing to any Optionee in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or to the extent, if any, permitted by the Exchange.

13. Amendment or Discontinuance of Plan

13.1 The Board may, from time to time, in its absolute discretion, amend, modify, change or discontinue the Plan and amend, modify or change any outstanding option, provided that such amendment shall not alter or impair any Option previously granted under the Plan except as permitted herein, and that such amendment or discontinuance has been approved by the Exchange, and where necessary, by the shareholders of the Corporation.

14. Tax Withholding

14.1 The Corporation shall have the power and the right to deduct or withhold, or require an Optionee to remit to the Corporation, the required amount to satisfy federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of Options granted under the Plan. With respect to required withholding, the Corporation shall have the irrevocable right to, and the Optionee consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the Optionee (whether arising pursuant to the Optionee's relationship as a director, officer or employee of the Corporation or as a result of the Optionee providing services on an ongoing basis to the Corporation or otherwise), or may make such other arrangements satisfactory to the Optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs. The Optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares.

15. No Guarantees Regarding Tax Treatment

15.1 Optionees (or their beneficiaries) shall be responsible for all taxes with respect to any Options under the Plan, whether arising as a result of the grant or exercise of Options or otherwise. The Board and the Corporation make no guarantees to any person regarding the tax treatment of Options or payments

made under the Plan and none of the Corporation, nor any of its employees or representatives shall have any liability to an Optionee with respect thereto.

16. Optionees' Rights

16.1 No Optionee shall have any rights as a shareholder of the Corporation with respect to any Common Shares which are the subject of an Option.

16.2 Nothing contained in the Plan shall confer or be deemed to confer upon any Optionee the right to continue in the employment of, or to provide services to, the Corporation nor interfere or be deemed to interfere in any way with any right of the Corporation to discharge any Optionee at any time for any reason whatsoever, with or without cause. Participation in the Plan by an Optionee shall be voluntary.

17. Approvals

17.1 The Plan shall be subject, if applicable, to the approval of the Exchange or other regulatory body having jurisdiction at that time and, if so required thereby, to the approval of the shareholders of the Corporation.

17.2 Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

18. Government Regulation

18.1 The Corporation's obligation to issue and deliver Common Shares under any Option is subject to the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof. If any shares cannot be issued to any Optionee for whatever reason, the obligation of the Corporation to issue such shares shall terminate and the Option Price paid to the Corporation will be returned to the Optionee.

19. Compliance with Applicable Law

19.1 If any provision of the Plan or any Option contravenes any law or any order, policy, by-law or regulation of any regulatory body or the Exchange, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

20. Interpretation

20.1 This Plan shall be governed by and construed in accordance with the laws of the Province of Alberta.

SCHEDULE "B"

TITANIUM CORPORATION INC.

DEFERRED SHARE UNIT PLAN

**ARTICLE 1
PREAMBLE AND DEFINITIONS**

1.1 Title

The Plan herein described shall be called the "**Deferred Share Unit Plan**", and is referred to herein as the "**Plan**".

1.2 Purpose of the Plan

The purpose of the Plan is to promote a greater alignment of interests between the Eligible Directors of the Company who participate in the Plan and the shareholders of the Company.

1.3 Definitions

"**Affiliate**" shall have the meaning ascribed to that term by the *Securities Act* (Alberta), as such statute is amended, re-enacted or replaced from time to time;

"**Annual Board Retainer**" means the annual cash retainer payable by the Company to an Eligible Director in a financial year for service on the Board but excluding the Annual Chair Retainer and Meeting Fees;

"**Annual Chair Retainer**" means the annual cash retainer paid by the Company to an Eligible Director in a financial year for acting as the chair of the Board or of one or more committees of the Board, but excludes other retainers and fees (including, without limitation, the Annual Board Retainer and Meeting Fees);

"**Applicable Withholding Amount**" means all amounts of taxes and other amounts the Company is required by law to withhold in respect of a payment or award to a Member or the estate of a Member, as determined by the Company;

"**Board**" means the board of Eligible Directors of the Company;

"**Business Day**" means any day other than a Saturday or Sunday on which the TSXV is open for trading;

"**Committee**" means the Compensation and Corporate Governance Committee of the Board or such other committee of the Board as may be appointed by the Board to administer the Plan, provided, however, that if no Compensation and Corporate Governance Committee is in existence at any particular time and the Board has not appointed another committee of the Board to administer the Plan, all references in the Plan to "Committee" shall at such time be in reference to the Board;

"**Company**" means Titanium Corporation Inc., a corporation existing under the laws of Canada, and any successor corporation whether by amalgamation, merger or otherwise or any of its subsidiaries or Affiliates;

"**Deferred Share Unit Account**" has the meaning ascribed thereto in Section 4.6;

"DSU" means a bookkeeping entry, which is granted in accordance with this Plan, the value of which for the purposes of Sections 4.5(a) and 4.7(a) shall be equal to the Market Price;

"Election Notice" has the meaning ascribed thereto in Sections 4.1(a);

"Eligible Director" means a director of the Company other than a director who is a full-time employee of the Company;

"Exchange Policies" means the policies of the TSXV set forth in the policies of such exchange or other applicable policies of another exchange, as the case may be;

"Market Price" means, at any date, the higher of (i) weighted average price per share at which the Shares have traded on the TSXV during the last five (5) trading days prior to that date and (ii) the closing price of the Shares on the TSXV on the date prior to the relevant date (or, if the Shares are not then listed and posted for trading on the TSXV, on such stock TSXV on which the Shares are listed and posted for trading as may be selected for such purpose by the Board or, if the Shares are not then listed and posted for trading on any stock exchange in Canada, then it shall be the market price per share as determined by the Board in its sole discretion). For the purposes of determining the Market Price, the weighted average price per share at which the Shares have traded on the TSXV (or on any other stock exchange) shall be calculated by dividing (i) the aggregate sale price for all the Shares traded on such stock exchange during the relevant five (5) trading days by (ii) the aggregate number of Shares traded on such stock exchange during the relevant five (5) trading days;

"Meeting Fees" means the fees paid by the Company to an Eligible Director in a financial year for attendance at meetings of the Board and its committees;

"Member" means an Eligible Director who becomes a participant in the Plan in accordance with Section 3.3;

"Member's Termination Date" has the meaning ascribed thereto in Section 5.1(a);

"Security Based Compensation Arrangements" means: (i) stock option plans for the benefit of directors, officers, employees and/or consultants or other service providers or any one of such groups; (ii) individual stock options granted to directors, officers, employees and/or consultants or other service providers if not granted pursuant to a plan previously approved by the shareholders of the Company; (iii) stock purchase plans where the Company provides financial assistance or where the Company matches the whole or a portion of the securities being purchased; (iv) stock appreciation rights involving issuances by the Company of securities from treasury; (v) deferred share unit plans for the benefit of non-executive directors of the Company; (vi) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Company to directors, officers, employees and/or consultants or other service providers; and (vii) security purchases from treasury by a director, officer, employee and/or consultant or other service provider which is financially assisted by the Company by any means whatsoever;

"Shares" means the common shares of the Company and such other shares as may be substituted therefore as a result of amendments to the articles of the Company, a reorganization of the Company or otherwise; and

"TSXV" means the TSX Venture Exchange.

1.4 Schedules

Schedule "A" – Election Notice

Schedule "B" – Redemption Notice

ARTICLE 2 INTERPRETATION

2.1 Severability

If any provision of the Plan or part hereof is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

2.2 References

Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein. In the Plan, references to the singular shall include the plural and vice versa, as the context shall require.

ARTICLE 3 ADMINISTRATION

3.1 Administration of the Plan

- (a) Subject to subsections 3.1(b) and 3.1(c), this Plan will be administered by the Committee and the Committee has sole and complete authority, in its discretion, to:
 - (i) interpret the Plan and prescribe, modify and rescind rules and regulations relating to the Plan;
 - (ii) exercise rights reserved to the Company under the Plan;
 - (iii) prescribe forms for notices to be prescribed by the Company under the Plan; and
 - (iv) make all other determinations and take all other actions as it considers necessary or advisable for the implementation and administration of the Plan.

The Committee's determinations and actions under this Plan are final, conclusive and binding on the Company, the Members and all other persons.

- (b) To the extent permitted by applicable law, the Committee may, from time to time, delegate to any specified officer of the Company all or any of the powers of the Committee under the Plan. In such event, the specified officer will exercise the powers delegated to it by the Committee in the manner and on the terms authorized by the Committee. Any decision made or action taken by the Committee or the specified officer arising out of or in connection with the administration or interpretation of this Plan in this context is final, binding and conclusive on the Company, any custodian appointed in respect of the Plan, the Members and all other persons.

- (c) Notwithstanding subsections 3.1(a) and 3.1(b), oversight and ultimate responsibility for the Plan resides with the Board. At any time and from time to time, the Board may, in its discretion, take any action or make any decision which is otherwise delegated to the Committee pursuant to Section 3.1(a).

3.2 [Reserved]

3.3 Automatic Participation for Eligible Directors

Each Eligible Director shall, without further formality, become a Member in the Plan. Each person who becomes an Eligible Director at any time subsequent to the effective date of establishment of the Plan shall thereupon, without further or other formality, become a Member of the Plan.

3.4 No Additional Rights

Nothing herein contained shall be deemed to give any person the right to be retained as an Eligible Director of the Company or the claim or right to any future grants of DSUs.

3.5 Consistency With Other Agreements

Notwithstanding the general terms and conditions of the Plan, the terms and conditions of any DSUs granted under this Plan shall, to the greatest extent possible, be made consistent with the terms and conditions of any written agreement between the Company and/or an Affiliate on the one hand and the Member on the other hand, in so far as such agreement provides for the treatment of share incentives. In the event of any conflict between any written employment agreement and this Plan or any DSUs granted, the written employment agreement shall govern.

ARTICLE 4 DSU GRANTS AND ACCOUNTS

4.1 Election to Participate

- (a) Each Member shall have, subject to the conditions stated herein, the right to elect at any time by August 15 of each financial year in accordance with this Section 4.1, to be credited with DSUs in lieu of all or any part of the Annual Board Retainer, Annual Chair Retainer and Meeting Fees otherwise payable to such Member in cash in the immediately succeeding financial year. Subject to Section 4.1(b), no such election shall be effective unless and until the Member in question shall have filed a notice of election in the form of Schedule A hereto (the "**Election Notice**") with the Company's Vice President, Finance and Chief Financial Officer, which notice, subject as hereinafter provided, may be filed at any time. Any DSUs will be fully vested upon being credited to a Member.
- (b) If a majority of the Eligible Directors passes a resolution that the Eligible Directors shall be credited with DSUs in lieu of all or a minimum amount of any part of the Annual Board Retainer, Annual Chair Retainer and/or Meeting Fees, then the Eligible Directors shall be obliged to accept such DSUs as payment of such amounts otherwise payable to a Member in cash.

4.2 Effect of Notice

A duly filed Election Notice shall be binding upon the Member who filed it and upon the Company unless and until, subject to Section 4.1(b), such Eligible Director has filed a subsequent Election Notice to terminate or change his or her election and such subsequent Election Notice has become effective in accordance with the Plan.

4.3 Termination or Change to Election

- (a) Subject to Section 4.1(b), each Member is entitled to terminate or change his or her election specified in any Election Notice filed with the Company by filing with the Vice President, Finance and Chief Financial Officer of the Company a subsequent Election Notice provided that no Member shall be entitled to file more than one Election Notice in any calendar year unless specifically authorized by resolution of the Eligible Directors.
- (b) For greater certainty, subject to the foregoing limitation, a Member who has filed a subsequent Election Notice to terminate an earlier election by the Member (with respect to the Annual Board Retainer) may thereafter again elect in accordance with Section 4.1.

4.4 Timing and Recording of DSU Credits

- (a) Each Member who has filed an Election Notice in accordance with Section 4.1 electing to receive DSUs shall be credited with DSUs as hereinafter provided in respect of the Annual Board Retainer, Annual Chair Retainer or Meeting Fees as applicable, quarterly in arrears on the last day of each quarter in each year, while such Election Notice remains in effect.
- (b) Any DSUs credited to a Member in accordance with any provision of this Plan shall be recorded by the Company in the Member's Deferred Share Unit Account (as defined below) as soon as reasonably practicable thereafter.

4.5 Calculation of Number of DSUs

- (a) The number of DSUs credited at any particular time with respect to any amount in respect of which a Member shall have elected pursuant to Section 4.1 will be calculated by dividing such amount by the Market Price of a Share on the relevant quarterly payment date for such amount.
- (b) Any fractional DSUs resulting from such calculation shall be rounded to the nearest whole number. For greater certainty, a fractional entitlement that is equal to or greater than 0.5 shall be rounded up to the next greater whole number and a fractional entitlement that is less than 0.5 shall be rounded down to the next lesser whole number.

4.6 Deferred Share Unit Account

An account, to be known as a "**Deferred Share Unit Account**" shall be maintained by the Company for each Member, in which shall be recorded all DSUs credited to a Member from time to time.

4.7 Dividends

- (a) Whenever cash dividends are paid on the Shares, additional DSUs will be credited to the Member's Deferred Share Unit Account. The number of such additional DSUs will be calculated by dividing (i) the dividends that would have been paid to such Member if the DSUs in the Member's Deferred Share Unit Account on the relevant dividend record date had been Shares, by (ii) the Market Price at the date of payment of such dividend.
- (b) Any fractional DSUs resulting from such calculation shall be rounded to the nearest whole number. For greater certainty, a fractional entitlement that is equal to or greater than 0.5 shall be rounded up to the next greater whole number and a fractional entitlement that is less than 0.5 shall be rounded down to the next lesser whole number.

4.8 Adjustments

In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spinoff or other distribution (other than normal cash dividends) of the Company's assets to shareholders, or any other changes affecting the Shares, such proportionate adjustments shall be made with respect to the number of DSUs outstanding under the Plan to reflect such change or changes as determined by the board of Eligible Directors of the Company, in its sole discretion.

4.9 No Price Adjustment

For greater certainty, no additional DSUs will be granted to such Member to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, a Member for such purpose. The Company makes no representations or warranties to Members with respect to the Plan or the Shares whatsoever. In seeking the benefits of participation in the Plan, a Member agrees to accept all risks associated with a decline in the market price of Shares.

4.10 Number of Shares Available under the Plan

- (a) Except as otherwise provided in this Plan, the aggregate number of Shares reserved for issuance pursuant to DSUs granted under the Plan and other Security Based Compensation Arrangements shall not exceed ten percent (10%) of the issued and outstanding Shares as at the date of grant (on a non-diluted basis).
- (b) Any grant of DSUs under the Plan shall be subject to the following restrictions:
 - (i) the aggregate number of Shares reserved for issuance pursuant to DSUs granted to any one individual in any twelve (12) month period shall not exceed one percent (1%) of the issued and outstanding Shares, unless disinterested shareholder approval is obtained; and
 - (ii) the aggregate number of Shares reserved for issuance pursuant to DSUs granted to Insiders (as defined in the Exchange Policies) shall not exceed two percent (2%) of the issued and outstanding Shares, unless disinterested shareholder approval is obtained.
- (c) All DSUs granted pursuant to this Plan shall be subject to the Exchange Policies.

ARTICLE 5

REDEMPTION OF DSUS ON TERMINATION, RESIGNATION OR DEATH

5.1 Redemption

- (a) Subject to Section 5.2, the value (determined in accordance with Section 5.2) of the DSUs credited to a Member's Deferred Share Unit Account shall be redeemable by the Member (or, where the Member has died, his or her estate) at the Member's option (or after the Member's death, at the option of his legal representative) following the event, including death, causing the Member to no longer be an Eligible Director of the Company or a person related to the Company for the purposes of the *Income Tax Act* (Canada) (the "**Member's Termination Date**"). The value of the DSUs shall be redeemed by filing a written notice of redemption in the form of Schedule B hereto with the Vice President, Finance and Chief Financial Officer of the Company, specifying (i) either one or two redemption dates, and (ii) the percentage of DSUs held by the Member to be redeemed on each such redemption date (which when added together shall equal 100%). Each redemption date specified in the notice of redemption shall, subject to Section 5.3, occur during the period commencing at least five (5) Business Days following the date on which such notice is filed with the Vice President, Finance and Chief Financial Officer of the Company and ending:
- (i) in the event of death, termination for cause, termination without cause and resignation, sixty (60) days after the Member's Termination Date; or
 - (ii) in the event of retirement from active employment, not later than the last day of the calendar year following the year of the Member's Termination Date.
- (b) If no notice of redemption has been filed, then there shall be deemed to be on redemption date, which date shall be deemed to be: (i) in the case of death, termination for cause, termination without cause and resignation, the date that is sixty (60) days after the Member's Termination Date; and (ii) in the case of retirement, the last day of the calendar year following the year of the Member's Termination Date.

5.2 Payment of Redeemed Amount

Subject to applicable income tax and other withholdings as required by law, the value of the vested DSUs redeemed by or in respect of a Member shall be paid to the Member (or if the Member has died, to his or her estate, as the case may be) in the form of one or two issuances of Shares on the basis of one Share for each DSU redeemed, as applicable in accordance with the Member's or the Key Employee's notice of redemption, less the Applicable Withholding Amount, as soon as practicable after the applicable redemption date, provided that in any event such payment date shall, subject to Section 5.3, be no later than the date that is: (i) in the event of death, termination for cause, termination without cause and resignation, sixty (60) days following the Member's Termination Date or the Key Employee's Termination Date, as applicable; and (ii) in the event of retirement from active employment, the last day of the calendar year following the year of the Member's Termination Date or the Key Employee's Termination Date, as applicable. If a notice of redemption has not been filed, then there shall be deemed to be one payment date for the whole amount owing which date shall be the deemed redemption date determined in accordance with Section 5.1.

5.3 Blackout Periods

Unless approved by the Board, no DSUs may be redeemed by a Member at a time when a Blackout Restriction is in effect. If a redemption notice is given, or a redemption date falls, within any period when a Blackout Restriction is in effect, then the dates and times for submitting a redemption notice and completing redemptions and related payments hereunder shall, provided that no payment shall be made on a date that is later than December 31 of the calendar year following the Member's Termination Date, without any further action, be extended to the tenth (10) day after the date such restriction ends. Unless approved by the Board, no Member may elect to terminate or change his or her election in any Election Notice filed with the Company at a time when a Blackout Restriction is in effect. For the purposes of this Section 5.3, "**Blackout Restriction**" means a prohibition in effect on the Member's Termination Date that prohibits trading in the Company's securities pursuant to (i) securities regulatory requirements, (ii) the Company's written policies then applicable, or (iii) a notice in writing to the Participant by a senior officer or Eligible Director of the Company.

5.4 Withholding Taxes

When a Member is entitled to receive Shares on redemption of DSUs credited to a Member's Deferred Share Unit Account, the Company shall, subject to the following sentence, have the right to require the Member to remit to the Company an amount sufficient to satisfy the Applicable Withholding Amount. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods agreed to by a Member and the Company in respect of a particular redemption:

- (a) the tendering by the Member of a cash payment to the Company in an amount less than or equal to the Applicable Withholding Amount;
- (b) the withholding by the Company from the Shares otherwise payable to the Member such number of Shares as it determines are required to be sold by the Company, as trustee, to satisfy the Applicable Withholding Amount (net of selling costs, which shall be paid by the Member). The Member consents to such sale and grants to the Company an irrevocable power of attorney to effect the sale of such Shares and acknowledges and agrees that the Company does not accept responsibility for the price obtained on the sale of such Shares; and/or
- (c) the withholding by the Company from any cash payment otherwise due to the Member such amount of cash as is less than or equal to the amount of the Applicable Withholding Amount;

provided, however, that the sum of any cash so paid or withheld and the fair market value of any Shares so withheld is equal to or greater than the Applicable Withholding Amount.

5.5 No Guarantees Regarding Tax Treatment

Members (or their beneficiaries) shall be responsible for all taxes with respect to any DSUs granted under the Plan, whether arising as a result of the grant or redemption of DSUs or otherwise. The Company and the Committee make no guarantees to any person regarding the tax treatment of a DSU or issuances of Shares made under the Plan and none of the Company or any of its directors, officers or employees or representatives shall have any liability to a Member with respect thereto.

ARTICLE 6 GENERAL

6.1 Amendment, Suspension or Termination of Plan

- (a) The Committee may from time to time amend or suspend the Plan in whole or in part and may at any time terminate the Plan without prior notice. However, any such amendment, suspension or termination shall not adversely affect the DSUs previously granted to a Member at the time of such amendment, suspension or termination, without the consent of the affected Member.
- (b) If the Committee suspends or terminates the Plan, no new DSUs will be credited to the account of a Member; however, previously credited DSUs shall remain outstanding but shall not be entitled to any dividends in accordance with Section 4.7 following suspension or termination unless at the time of suspension or termination the Committee determines that the entitlement to any dividends in accordance with Section 4.7 during suspension or after termination, as applicable, should be continued.

Notwithstanding the foregoing, any amendment, suspension or termination of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the Regulations under the *Income Tax Act* (Canada) or any successor provision thereto.

6.2 Compliance with Applicable Laws

The administration of the Plan shall be subject to and made in conformity with all applicable laws and any regulations of a duly constituted regulatory authority. If any provision of the Plan or any DSU contravenes any law or any order, policy, by-law or regulation of any regulatory body or the TSXV, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

6.3 Participant's Entitlement

Except as otherwise provided in this Plan, DSUs previously granted under this Plan, whether or not then vested, are not affected by any change in the relationship between, or ownership of, the Company and an Affiliate. For greater certainty, all DSUs remain valid in accordance with the terms and conditions of this Plan and are not affected by reason only that, at any time, an Affiliate ceases to be an Affiliate.

6.4 Reorganization of the Company

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

6.5 Costs of Administration

The Company will be responsible for all costs relating to the administration of the Plan except that the Member shall pay all brokerage fees related to his or her own brokerage account(s) to which Shares are delivered pursuant to Section 4.5.

6.6 Assignment

A DSU is personal to the Member and is non-assignable. No DSU granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of by the Member, whether voluntarily or by operation of law, otherwise than by testate succession or the laws of descent and distribution, and any attempt to do so will cause such DSU to be null and void. During the lifetime of the Member, a vested DSU shall be redeemable only by the Member and, upon the death of a Member, the person to whom the rights shall have passed by testate succession or by the laws of descent and distribution may redeem any vested DSUs in accordance with the provisions of Article 5.

Rights and obligations under the Plan may be assigned by the Company to a successor in the business of the Company, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Company, or any corporation acquiring all or substantially all of the assets or business of the Company.

6.7 No Shareholder Rights

Under no circumstances shall DSUs be considered Shares or other securities of the Company, nor shall they entitle any Member to exercise voting rights or any other rights attaching to the ownership of Shares or other securities of the Company, nor shall any Member be considered the owner of Shares by virtue of holding DSUs.

6.8 Participant Information

Each Participant shall provide the Company with all information (including personal information) required by the Company in order to administer to the Plan. Each Member acknowledges that information required by the Company in order to administer the Plan may be disclosed to any custodian in respect of the Plan and any other third parties in connection with the administration of the Plan. Each Member consents to such disclosure and authorizes the Company to make such disclosure on the Member's behalf.

6.9 Indemnification

Every director of the Company will at all times be indemnified and saved harmless by the Company from and against all costs, charges and expenses whatsoever including any income tax liability arising from any such indemnification, that such director may sustain or incur by reason of any action, suit or proceeding, taken or threatened against the director, otherwise than by the Company, for or in respect of any act done or omitted by the director in respect of this Plan, such costs, charges and expenses to include any amount paid to settle such action, suit or proceeding or in satisfaction of any judgment rendered therein.

6.10 [Reserved]

6.11 Governing Law

The Plan shall be governed by, and interpreted in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein, without regard to principles of conflict of laws.

APPROVED by the Board this 8th day of January, 2015.

TITANIUM CORPORATION INC.

Per: (signed) "Kelsey Clark"

Kelsey Clark

Corporate Secretary

SCHEDULE "A"

ELECTION NOTICE

Please complete one of Section 1 (Election Notice) or Section 2 (Election to Change Participation) and return a signed and dated copy of this Election Notice to the Vice President, Finance and Chief Financial Officer of Titanium Corporation Inc. (the "**Company**") by [date].

1. Election Notice

I hereby elect, commencing with the next quarterly payment date following the date hereof, unless and until the election is changed in accordance with a subsequently filed Election Notice, to receive in DSUs:

_____% (1) (please insert applicable percentage) of the Annual Board Retainer otherwise payable to me in respect of my Annual Board Retainer

_____% (2) (please insert applicable percentage) of the amount otherwise payable in respect of my Annual Chair Retainer

_____% (3) (please insert applicable percentage) of the amount otherwise payable in respect of my Meeting Fees

2. Election to Change Participation

I hereby elect, notwithstanding any previous election in the form of this Election Notice, to change my election with respect to my participation in the Plan, commencing with the next quarterly payment following the date hereof, unless and until the election is changed in accordance with a subsequently filed Election Notice, namely, so as to receive in DSUs:

_____% (1) (please insert applicable percentage) of the Annual Board Retainer otherwise payable to me in respect of my Annual Board Retainer

_____% (2) (please insert applicable percentage) of the amount otherwise payable in respect of my Annual Chair Retainer

_____% (3) (please insert applicable percentage) of the amount otherwise payable in respect of my Meeting Fees

3. Broker Account for Shares

I hereby direct the Company to deliver the Shares issuable on redemption of my DSUs to the following account:

I confirm that:

1. I have received and reviewed a copy of the terms of the Plan and agreed to be bound by such terms.

2. I understand that I will not be able to cause the Company to redeem DSUs granted under the Plan until I am no longer any of an Eligible Director of the Company.
3. I recognize that when DSUs credited pursuant to an election made under this Election Notice are redeemed in accordance with the terms of the Plan after I am no longer an Eligible Director of the Company, income tax and other withholdings as required will arise at that time that will be my obligations (and not the Company's, except as required by law).
4. The value of DSUs are based on the value of the Shares of the Company and therefore are not guaranteed.
5. I acknowledge and agree that, as described in greater detail in the Plan, I am not permitted to assign, pledge, charge or otherwise encumber the DSUs granted to me under the Plan.
6. An election filed pursuant to this Schedule A is required to be filed with the Vice President, Finance and Chief Financial Officer of the Company not later than August 15 of the prior financial year with respect to any amounts payable on and after the last day of such year on account of my Annual Board Retainer, Meeting Fees or my Annual Chair Retainer, as applicable.

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

Date

(Signature of Eligible Director)

(Name of Eligible Director)

REDEMPTION NOTICE

If this Redemption Notice is signed by a beneficiary or legal representative, documents providing the authority of such signature must accompany this Redemption Notice.

Date _____ (Signature of Eligible Director)

 (Name of Eligible Director)

SCHEDULE "C"

TITANIUM CORPORATION INC.
RESTRICTED SHARE UNIT PLAN

ARTICLE 1
PURPOSE

1.1 Purpose

The purpose of this Restricted Share Unit Plan is to provide certain officers and other key Employees of Titanium Corporation Inc. (the "**Company**") and its Related Entities with the opportunity to acquire Restricted Share Units of the Company in order to enable them to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of the Company's shareholders.

ARTICLE 2
INTERPRETATION

2.1 Definitions

For purposes of the Plan:

- (a) "**Account**" means an account maintained for each Participant on the books of the Company which will be credited with RSUs in accordance with the terms of the Plan;
- (b) "**Applicable Withholding Amounts**" is defined in Section 4.7(c);
- (c) "**Approved Leave of Absence**" means a leave of absence from full time employment with the Company or affiliate thereof that is provided for in the policies, plans or regulations of the Company or its affiliates or that is approved by management of the Company, including, without limitation, maternity and parental leave in accordance with the Company's (or its affiliates') policies, Short-Term Disability and Long-Term Disability;
- (d) "**Award**" means a grant of RSUs under the Plan;
- (e) "**Award Date**" means a date on which RSUs are awarded to a Participant in accordance with Section 4.1;
- (f) "**Award Notice**" means a notice substantially in the form of Schedule A and containing such other terms and conditions relating to an award of RSUs as the Committee may prescribe;
- (g) "**Award Price**" means with respect to a Share, as at any date, means the price of the Shares to be acquired pursuant to RSUs as determined by the Committee in its sole discretion;
- (h) "**Blackout Period**" means the period of time when, pursuant to any policies of the Company, any securities of the Company may not be traded by certain persons as designated by the Company, including any holder of an RSU;
- (i) "**Board**" means the board of directors of the Company;

- (j) **"Business Day"** means any day other than a Saturday or Sunday on which the TSXV is open for trading;
- (k) **"Cause"** means **"Just Cause"** as defined in the Participant's employment agreement with the Company or one of its Related Entities, or if such term is not defined or if the Participant has not entered into an employment agreement with the Company or one of its Related Entities, then as such term is defined by applicable law, and shall include, without limitation, the occurrence of one of the following events with respect to the Employee: (i) has materially breached any of his or her duties and obligations under the Company's policies or code of conduct as may be adopted by the Board or written agreement with the Participant, resulting in adverse consequences to the Company or any of its Related Entities; (ii) has misappropriated funds or property of the Company or any of its Related Entities or made any material misrepresentation in connection with the Participant's employment with the Company or any of its Related Entities (iii) is convicted of or pleads guilty to an indictable offence (other than impaired driving); or (iv) has engaged in gross misconduct that is adverse to the interests of the Company or any of its Related Entities;
- (l) **"CBCA"** means the *Canada Business Corporations Act*, as such statute is amended, re-enacted or replaced from time to time;
- (m) **"Committee"** means the Compensation and Corporate Governance Committee of the Board or such other committee of the Board as may be appointed by the Board to administer the Plan, provided, however, that if no Compensation and Corporate Governance Committee is in existence at any particular time and the Board has not appointed another committee of the Board to administer the Plan, all references in the Plan to "Committee" shall at such time be in reference to the Board;
- (n) **"Common Shares"** means the common shares in the capital of the Company as presently constituted or, in the event of an adjustment contemplated by Section 4.12, such other number or type of securities as the Committee may determine;
- (o) **"Company"** means Titanium Corporation Inc. and its successors and assigns;
- (p) **"Control Change"** means the occurrence of any of:
 - (i) the purchase or acquisition of shares of the Company and/or securities (**"Convertible Securities"**) convertible into or exchangeable for shares of the Company or carrying the right to acquire shares of the Company as a result of which a person, group of persons or persons acting jointly or in concert, or persons associated or affiliated within the meaning of the CBCA with any such person, group of persons or any of such persons acting jointly or in concert (excluding, for this purpose, any employee benefit or other plan of the Company) (collectively, the **"Holders"**) beneficially own or exercise control or direction over shares of the Company and/or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned by the Holders, the Holders would beneficially own shares which would entitle the holders thereof to cast more than 50% of the votes attaching to all shares in the capital of the Company which may be cast to elect directors of the Company;

- (ii) Incumbent Directors ceasing to constitute a majority of the board of directors of the Company;
- (iii) approval by the shareholders of the Company of an amalgamation, arrangement, merger or other consolidation of the Company with another corporation pursuant to which the shareholders of the Company immediately prior thereto do not immediately thereafter own shares of the successor or continuing corporation which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation which may be cast to elect directors of that corporation; or
- (iv) a liquidation, dissolution or winding up of the Company or a sale, lease or other disposition of all or substantially all the assets of the Company other than a sale, lease or other disposition to a subsidiary of the Company or which does not result in a change in the ultimate shareholders of the Company or such subsidiary;
- (q) **"Control Change Period"** means the period commencing on the date of occurrence of a Control Change and ending on the third anniversary of that date;
- (r) **"Eligible Person"** means a Person entitled to participate in the Plan in accordance with Section 3.2;
- (s) **"Employee"** means an officer or employee of the Company or a Related Entity of the Company, or such Person as may be so designated by the Committee;
- (t) **"Exchange Policies"** means the policies of the TSXV set forth in the policies of such exchange or other applicable policies of another exchange, as the case may be;
- (u) **"Expiry Time"** means 4:00 p.m. (Calgary time) on the last day of the RSU Term;
- (v) **"Fair Market Value"** means, at any date, the higher of (i) weighted average price per share at which the Common Shares have traded on the TSXV during the last five (5) trading days prior to that date and (ii) the closing price of the Common Shares on the TSXV on the date prior to the relevant date or, if the Common Shares are not then listed and posted for trading on the TSXV, then on such stock exchange on which the Common Shares are then listed and posted for trading as may be selected for such purpose by the Board, or, if the Common Shares are not then listed and posted for trading on any stock exchange, then it shall be the fair market value per Common Share as determined by the Board in its sole discretion; and for such purposes, the weighted average price per share at which the Common Shares have traded on the TSXV or on any other stock exchange shall be calculated by dividing (i) the aggregate sale price for all the Common Shares traded on such stock exchange during the relevant five trading days by (ii) the aggregate number of Common Shares traded on such stock exchange during the relevant five trading days;
- (w) **"Incumbent Director"** means any member of the board of directors of the Company who was a member of the board of directors of the Company immediately prior to the occurrence of the transaction, transactions, elections or appointments giving rise to a Control Change and any successor to an Incumbent Director who was elected or appointed to succeed any Incumbent Director by the affirmative vote of the directors,

including a majority of the Incumbent Directors then on the board of directors of the Company;

- (x) **"Long-Term Disability"** means long term disability as that term is defined in the Company's long term disability policy or plans which are applicable to such Participant at the relevant time;
- (y) **"Notice of Acquisition"** means a notice substantially in the form of Schedule B from a Participant to the Company giving notice of the exercise of an RSU previously granted to the Participant;
- (z) **"Participant"** means an Eligible Person who has been awarded RSUs under the Plan or to whom RSUs have been transferred in accordance with the Plan;
- (aa) **"Payment Amount"** means the amount determined in accordance with Section 4.7(a);
- (bb) **"Person"** means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, fund, organization or other group of organized persons, government, government regulatory authority, governmental department, agency, commission, board, tribunal, dispute settlement panel or body, bureau, court, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;
- (cc) **"Plan"** means this Restricted Share Unit Plan as amended, restated, supplemented or otherwise modified from time to time;
- (dd) **"Related Entity"** means a Person that is controlled by the Company;
- (ee) **"Restricted Share Unit" or "RSU"** means a unit equivalent in value to a Common Share, credited by means of a bookkeeping entry on the books of the Company in accordance with Article 4;
- (ff) **"RSU Term"** means a term during which a Participant may acquire a Common Share for any vested RSUs granted pursuant to the Plan;
- (gg) **"Separation Date"** means the last date on which the Participant is actively at work without regard to any contractual or common law notice period that might apply to such termination or any period during which the Participant receives termination or severance pay. For greater certainty, in the event that a Participant is on an Approved Leave of Absence, they shall not be deemed to have ceased to be actively at work or to have ceased to be a full time employee;
- (hh) **"Short-Term Disability"** means short term disability as that term is defined in the Company's short term disability policy or plans which are applicable to such Participant at the relevant time;
- (ii) **"TSXV"** means the TSX Venture Exchange; and
- (jj) **"Vesting Date"** means the date determined in accordance with Section 4.2.

2.2 Certain Rules of Interpretation

- (a) Whenever the Board or, where applicable, the Committee or any sub-delegate of the Committee is to exercise discretion in the administration of the terms and conditions of this Plan, the term "**discretion**" means the sole and absolute discretion of the Board or the Committee or the sub-delegate of the Committee, as the case may be.
- (b) As used herein, the terms "**Article**" and "**Section**" mean and refer to the specified Article or Section of this Plan.
- (c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.
- (d) Unless otherwise specified, all references to money amounts are to Canadian currency.
- (e) A Person (First Person) is considered to "**control**" another Person (Second Person) if the First Person, directly or indirectly, has the power to direct the management and policies of the Second Person by virtue of:
 - (i) ownership of or direction over voting securities in the Second Person,
 - (ii) a written agreement or indenture,
 - (iii) being the general partner or Controlling the general partner of the Second Person, or
 - (iv) being a trustee of the Second Person.

ARTICLE 3 ADMINISTRATION

3.1 Administration of the Plan

- (a) Subject to subsections 3.1(b) and 3.1(c), this Plan will be administered by the Committee and the Committee has sole and complete authority, in its discretion, to:
 - (i) interpret the Plan and prescribe, modify and rescind rules and regulations relating to the Plan;
 - (ii) exercise rights reserved to the Company under the Plan;
 - (iii) determine vesting schedules;
 - (iv) prescribe forms for notices to be prescribed by the Company under the Plan; and
 - (v) make all other determinations and take all other actions as it considers necessary or advisable for the implementation and administration of the Plan.

The Committee's determinations and actions under this Plan are final, conclusive and binding on the Company, the Participants and all other Persons.

- (b) To the extent permitted by applicable law, the Committee may, from time to time, delegate to any specified officer of the Company all or any of the powers of the Committee under the Plan. In such event, the specified officer will exercise the powers delegated to it by the Committee in the manner and on the terms authorized by the Committee. Any decision made or action taken by the Committee or the specified officer arising out of or in connection with the administration or interpretation of this Plan in this context is final, binding and conclusive on the Company, any custodian appointed in respect of the Plan, the Participants and all other Persons.
- (c) Notwithstanding subsections 3.1(a) and 3.1(b), oversight and ultimate responsibility for the Plan resides with the Board. At any time and from time to time, the Board may, in its discretion, take any action or make any decision which is otherwise delegated to the Committee pursuant to Section 3.1(a).

3.2 Eligibility

All Employees of the Company and its Related Entities are eligible to participate in the Plan. The Company reserves the right to restrict eligibility or otherwise limit the number of Persons eligible for participation in the Plan at any time. Eligibility to participate in the Plan does not confer upon any Person a right to receive an award of RSUs pursuant to the Plan.

3.3 Consistency With Other Agreements

Notwithstanding the general terms and conditions of the Plan and any Award Notice, the terms and conditions of any Award of RSUs granted under this Plan shall, to the greatest extent possible, be made consistent with the terms and conditions of any written agreement between the Company and/or a Related Entity on the one hand and the Participant on the other hand, in so far as such agreement provides for the treatment of share incentives. In the event of any conflict between any written employment agreement and this Plan or any Award Notice, the written employment agreement shall govern.

3.4 Taxes

Each Participant shall be solely responsible for personal income tax payable on all payments received by the Participant in respect of vested RSUs under the Plan, although the Company is authorized to deduct Applicable Withholding Amounts from such payments.

ARTICLE 4 AWARDS OF RESTRICTED SHARE UNITS

4.1 Awards of Restricted Share Units

Subject to the provisions of the Plan and such other terms and conditions as the Committee or the Board may prescribe, the Committee may, from time to time, award RSUs to any Eligible Person. RSUs shall be credited to an Account maintained for each Participant on the books of the Company as of the Award Date. The number of RSUs to be credited to each Participant's Account in respect of a fiscal year shall be determined by dividing: (a) the dollar amount of the portion of the Participant's compensation which the Committee, in its sole discretion, determines to be paid as RSUs, by (b) the Fair Market Value per Common Share on the Award Date. Any fractional RSUs resulting from such calculations shall be rounded to the nearest whole number. For greater certainty, a fractional entitlement that is equal to or

greater than 0.5 shall be rounded up to the next greater whole number and a fractional entitlement that is less than 0.5 shall be rounded down to the next lesser whole number.

4.2 Vesting Period and RSU Term

Each Award will vest on the dates (each a "**Vesting Date**") specified by the Committee on the Award Date, and reflected in the Award Notice. The RSU Term shall be determined by the Committee on the Award Date, and reflected in the Award Notice and shall not exceed ten (10) years from the Award Date. Each RSU outstanding and all rights thereunder shall expire at the Expiry Time, but shall be subject to earlier termination in accordance with Section 4.8 of this Plan.

4.3 Award Notice

All Awards of RSUs under Section 4.1 of this Plan will be evidenced by Award Notices. Such Award Notices will be subject to the applicable provisions of this Plan and will contain such provisions as are required by this Plan and any other provisions that the Committee may direct. Any one officer of the Company is authorized and empowered to execute and deliver, for and on behalf of the Company, an Award Notice to each Participant.

4.4 Credits for Dividends

A Participant's Account shall be credited with additional RSUs as of each dividend payment date in respect of which cash dividends are paid on Common Shares. The number of additional RSUs to be credited to a Participant's Account shall be computed by dividing: (a) the dividends that would have been paid to such Participant if each RSU in the Participant's Account on the relevant dividend record date had been one Common Share, by (b) the Fair Market Value of the Common Shares determined as of the date of payment of such dividend. Any fractional RSUs resulting from such calculation shall be rounded to the nearest whole number. For greater certainty, a fractional entitlement that is equal to or greater than 0.5 shall be rounded up to the next greater whole number and a fractional entitlement that is less than 0.5 shall be rounded down to the next lesser whole number. Any such additional RSUs credited to the Participant's Account shall vest in proportion to and shall be paid under Section 4.6 in the same manner as the RSUs to which they relate. The foregoing does not obligate the Company to pay dividends on Common Shares and nothing in this Plan shall be interpreted as creating such an obligation.

4.5 Reporting of Restricted Share Units

Statements of the RSU Accounts will be provided to Participants on an annual basis or made available on an ongoing basis by any Plan administrator.

4.6 Allotment of Common Shares for Issuance by the Company

The Company shall allot for issuance from treasury such number of Common Shares corresponding to the maximum number of Common Shares that may be deliverable to Participants under this Plan.

4.7 Acquisition of Vested RSUs

- (a) A Participant or, if Section 4.10 applies, the Participant's estate, who wishes to acquire a Common Share for any vested RSUs may do so by delivering: (i) a completed Notice of Acquisition to the Company on or before the Expiry Time; (ii) a certified cheque or bank draft payable to the Company for the aggregate Award Price; and (iii) a certified cheque

or bank draft payable to the Company for the Applicable Withholding Amounts (as defined herein) as may be required pursuant to Section 4.7(c), following which the Company shall issue, within ten (10) days following receipt of the Notice of Acquisition one Common Share for each RSU in the Participant's Account that the Participant has included on the Notice of Acquisition (the "**Payment Amount**"). The RSUs in respect of which Common Shares are issued shall be cancelled and no further issuances shall be made to the Participant under the Plan in relation to such RSUs.

- (b) The Company shall register and deliver certificates for such Common Shares to the Participant by first class insured mail, unless the Company shall have received alternative instructions from the Participant for the registration and/or delivery of the certificates.
- (c) When a Participant is entitled to receive the Payment Amount, the Company shall, subject to the following sentence, have the right to require the Participant to remit to the Company an amount sufficient to satisfy federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan (the "**Applicable Withholding Amounts**"). Unless otherwise prohibited by the Board or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods agreed to by a Participant and the Company in respect of a particular redemption:
 - (i) the tendering by the Participant of a cash payment to the Company in an amount less than or equal to the Applicable Withholding Amount;
 - (ii) the withholding by the Company from the Common Shares otherwise payable to the Participant such number of Common Shares as it determines are required to be sold by the Company, as trustee, to satisfy the Applicable Withholding Amount (net of selling costs, which shall be paid by the Participant). The Participant consents to such sale and grants to the Company an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that the Company does not accept responsibility for the price obtained on the sale of such Common Shares; and/or
 - (iii) the withholding by the Company from any cash payment otherwise due to the Participant such amount of cash as is less than or equal to the amount of the Applicable Withholding Amount,

provided, however, that the sum of any cash so paid or withheld and the fair market value of any Shares so withheld is equal to or greater than the Applicable Withholding Amount.

- (d) Participants (or their beneficiaries) shall be responsible for all taxes with respect to any RSUs granted under the Plan, whether arising as a result of the grant or payment in respect of the RSUs or otherwise. The Company and the Board make no guarantees to any person regarding the tax treatment of a RSU or issuances of Common Shares made under the Plan and none of the Company or any of its directors, officers or employees or representatives shall have any liability to a Participant with respect thereto.
- (e) If the Expiry Time for an RSU falls within any Blackout Period or within ten (10) business days (being a day other than a Saturday, Sunday or other than a day when banks

in Calgary, Alberta are not generally open for business) following the end of any Blackout Period (the "**Restricted RSUs**"), then the Expiry Time of such Restricted RSUs shall, without any further action, be extended to the date that is ten (10) business days following the end of such Blackout Period.

4.8 Resignation or Termination

(a) Notwithstanding Section 4.6, and subject to any express resolution passed by the Committee, if:

- (i) a Participant's employment or service as an Employee of the Company or the Related Entity is terminated (whether or not for Cause); or
- (ii) the Participant resigns from employment with the Company or a Related Entity (except in the circumstances contemplated in Section 4.8(b)),

then

- (iii) any RSUs granted to the Participant under the Plan which have not yet vested or been deemed to be vested, on or before the Separation Date for the Participant are forfeited and cancelled effective on the Separation Date and shall terminate without payment and shall be of no further force or effect from and after the Separation Date; and
- (iv) the Participant may, but only within the next 30 days following the Separation Date, deliver a completed Notice of Acquisition to the Company to acquire Common Shares for vested RSUs following which any vested RSUs in respect of which the Participant has not delivered a completed Notice of Acquisition to the Company shall be forfeited and cancelled effective at 4:00 p.m. (Calgary time) on such 30th day and shall terminate without payment and shall be of no further force or effect from and after such time.

(b) Notwithstanding Section 4.8(a), in the event a Participant is terminated without Cause, any RSUs which will vest within 60 days of the Separation Date shall, for the purposes of Section 4.6 and 4.8(a) be deemed to have been vested on the Separation Date.

(c) Notwithstanding Sections 4.8(a) and (b), within thirty (30) days of a termination described in Section 4.8(a)(i), the Committee may exercise its sole discretion to:

- (i) accelerate the vesting of all or any portion of the Participant's RSUs; or
- (ii) determine that such Participant shall continue to be a Participant for purposes of the Plan, but subject to such terms and conditions (including vesting) if any, established by the Committee in its sole discretion.

4.9 Leave of Absence

In the event a Participant takes a leave of absence other than an Approved Leave of Absence, all RSUs granted to the Participant under the Plan that have not then vested shall terminate and be null and void, subject to the Board's sole and absolute discretion to determine otherwise and applicable law.

4.10 Death of Participant

Notwithstanding Section 4.6, but subject to any express resolution passed by the Committee, upon the death of a Participant, any RSUs granted to the Participant under the Plan which, as of the date of the death of a Participant have not yet vested, shall immediately vest.

4.11 Control Change

- (a) In the circumstances where the Company has entered into an agreement relating to, or otherwise becomes aware of, a transaction which, if completed, would result in a Control Change, the Company shall give written notice of the proposed transaction to the Participants, together with a description of the effect of such Control Change on outstanding RSUs. Such notice shall be given not less than ten (10) Business Days prior to the closing of the transaction resulting in the Control of Control.
- (b) Notwithstanding anything else in this Plan or any Award Notice, the Committee may, in connection with a Control Change and at its sole option and without the consent of any Participant:
 - (i) take such steps as are necessary or desirable to cause the conversion or exchange of any outstanding RSUs into or for, rights or other securities of substantially equivalent value (or greater value), as determined by the Committee in its discretion, in any entity participating in or resulting from a Control Change; or
 - (ii) accelerate the vesting of any or all outstanding RSUs to provide that, notwithstanding Section 4.2 or any Award Notice, such outstanding RSUs shall be fully vested upon (or immediately prior to) the completion of the transaction resulting in the Control Change.
- (c) If, before the Vesting Date with respect to any RSUs granted to the Participant under the Plan, the employment of the Participant as an Employee of the Company or of a Related Entity is terminated by the Company or the Related Entity in circumstances where such termination occurs:
 - (i) subsequent to a Control Change and during the Control Change Period; or
 - (ii) prior to the date on which a Control Change occurs and it is reasonably demonstrated that such termination:
 - (A) was at the request of a third party who has taken steps reasonably calculated to effect a Control Change; or
 - (B) otherwise arose in connection with or anticipation of a Control Change; and
 - (iii) such termination was for any reason whatsoever other than death or termination for Cause,

then the Award shall immediately vest on the Separation Date and the Payment Amount shall be equal to the number of Common Shares determined on the Separation Date

multiplied by the number of RSUs in the Participant's Account. Notwithstanding the foregoing provisions of this Section 4.11, the Committee may, in its sole and absolute discretion, provide in the Award Notice evidencing the Award a provision to the effect that this Section 4.11 shall not apply in respect of that Award or shall apply on such modified basis as is expressly set forth in such Award Notice.

4.12 Adjustments to Restricted Share Units

In the event of any subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the Common Shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange of all or substantially all of the property of the Company or other distribution of the Company's assets to shareholders (other than the payment of dividends in respect of the Common Shares as contemplated by Section 4.4), the Account of each Participant and the RSUs outstanding under the Plan shall be adjusted in such manner, if any, as the Committee may in its discretion deem appropriate to preserve, proportionally, the interests of Participants under the Plan.

4.13 Discretion to Permit Vesting

Notwithstanding anything contained in this Article 4, the Committee may, in its sole discretion, at any time prior to or following the events contemplated in such Sections, permit: (a) the vesting of any or all RSUs held by a Participant; and (b) the payment of the Payment Amount in respect of such RSUs in the manner and on the terms authorized by the Committee.

4.14 Number of Common Shares Available under the Plan

- (a) Except as otherwise provided in this Plan, the aggregate number of Common Shares reserved for issuance pursuant to RSUs granted under the Plan and other Security Based Compensation Arrangements shall not exceed ten percent (10%) of the issued and outstanding Shares as at the date of grant (on a non-diluted basis).
- (b) Any grant of RSUs under the Plan shall be subject to the following restrictions:
 - (i) the aggregate number of Common Shares reserved for issuance pursuant to RSUs granted to any one individual in any twelve (12) month period shall not exceed one percent (1%) of the issued and outstanding Common Shares, unless disinterested shareholder approval is obtained; and
 - (ii) the aggregate number of Common Shares reserved for issuance pursuant to RSUs granted to Insiders (as defined in the policies of the TSXV) shall not exceed two percent (2%) of the issued and outstanding Common Shares, unless disinterested shareholder approval is obtained.
- (c) All RSUs granted pursuant to this Plan shall be subject to the Exchange Policies.

ARTICLE 5 GENERAL

5.1 Amendment, Suspension or Termination of Plan

- (a) The Committee may from time to time amend or suspend the Plan in whole or in part and may at any time terminate the Plan without prior notice. However, any such amendment, suspension or termination shall not adversely affect the RSUs previously granted to a Participant at the time of such amendment, suspension or termination, without the consent of the affected Participant.
- (b) If the Committee suspends or terminates the Plan, no new RSUs will be credited to the account of a Participant; however, previously credited RSUs shall remain outstanding but shall not be entitled to Dividend Equivalents following suspension or termination unless at the time of suspension or termination the Committee determines that the entitlement to Dividend Equivalents during suspension or after termination, as applicable, should be continued.
- (c) The Committee shall not require the consent of any affected Participant in connection with a termination of the Plan in which the vesting of all RSUs held by the Participant are accelerated and the Payment Amount (less Applicable Withholding Amount) is paid to the Participant in respect of all such RSUs.
- (d) The Plan will terminate on the date upon which no further RSUs remain outstanding provided that such termination is confirmed by a resolution of the Committee.

5.2 Compliance with Laws

The administration of the Plan shall be subject to and made in conformity with all applicable laws and any regulations of a duly constituted regulatory authority. If any provision of the Plan or any RSU contravenes any law or any order, policy, by-law or regulation of any regulatory body or the TSXV, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

5.3 Participant's Entitlement

Except as otherwise provided in this Plan, RSUs previously granted under this Plan, whether or not then vested, are not affected by any change in the relationship between, or ownership of, the Company and a Related Entity. For greater certainty, all RSUs remain valid in accordance with the terms and conditions of this Plan and are not affected by reason only that, at any time, a Related Entity ceases to be a Related Entity.

5.4 Reorganization of the Company

The existence of any RSUs shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or to create or issue any bonds, debentures, shares or other securities of the Company or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Company, or any amalgamation, combination, merger or

consolidation involving the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

5.5 Costs of Administration

The Company will be responsible for all costs relating to the administration of the Plan except that the participant shall pay all brokerage fees related to his or her own brokerage account(s) to which Common Shares are delivered pursuant to Section 4.7.

5.6 Assignment

An RSU is personal to the Participant and is non-assignable. No RSU granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of by the Participant, whether voluntarily or by operation of law, otherwise than by testate succession or the laws of descent and distribution, and any attempt to do so will cause such RSU to be null and void. A vested RSU shall be redeemable only by the Participant and, upon the death of a Participant, the person to whom the rights shall have passed by testate succession or by the laws of descent and distribution may redeem any vested RSUs in accordance with the provisions of Article 4.

Rights and obligations under the Plan may be assigned by the Company to a successor in the business of the Company, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Company, or any corporation acquiring all or substantially all of the assets or business of the Company.

5.7 No Shareholder Rights

Under no circumstances shall RSUs be considered Common Shares or other securities of the Company, nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Common Shares or other securities of the Company, nor shall any Participant be considered the owner of Common Shares by virtue of the Award of RSUs.

5.8 Participation is Voluntary; No Additional Rights

The participation of any Participant in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan. In particular, participation in the Plan does not constitute a condition of employment or service nor a commitment on the part of the Company to ensure the continued employment or service of such Participant. Nothing in this Plan shall be construed to provide the Participant with any rights whatsoever to participate or to continue participation in this Plan, or to compensation or damages in lieu of participation, whether upon termination of the Participant's employment or otherwise. The Company does not assume responsibility for the personal income tax liability or other tax consequences for the Participants and they are advised to consult with their own tax advisors.

5.9 Market Fluctuations

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of Common Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Company makes no representations or warranties to Participants with respect to the Plan or the Common Shares whatsoever. In seeking the benefits of

participation in the Plan, a Participant agrees to accept all risks associated with a decline in the market price of Common Shares.

5.10 Participant Information

Each Participant shall provide the Company with all information (including personal information) required by the Company in order to administer to the Plan. Each Participant acknowledges that information required by the Company in order to administer the Plan may be disclosed to any custodian in respect of the Plan and any other third parties in connection with the administration of the Plan. Each Participant consents to such disclosure and authorizes the Company to make such disclosure on the Participant's behalf.

5.11 Indemnification

Every director of the Company will at all times be indemnified and saved harmless by the Company from and against all costs, charges and expenses whatsoever including any income tax liability arising from any such indemnification, that such director may sustain or incur by reason of any action, suit or proceeding, taken or threatened against the director, otherwise than by the Company, for or in respect of any act done or omitted by the director in respect of this Plan, such costs, charges and expenses to include any amount paid to settle such action, suit or proceeding or in satisfaction of any judgment rendered therein.

5.12 [Reserved]

5.13 Governing Law

The Plan shall be governed by, and interpreted in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein, without regard to principles of conflict of laws.

APPROVED by the Board this 8th day of January, 2015.

TITANIUM CORPORATION INC.

Per: (signed) "Kelsey Clark"

Kelsey Clark

Corporate Secretary

SCHEDULE A
RESTRICTED SHARE UNIT PLAN
FORM OF AWARD NOTICE

[Name]
[Position]
[Business Unit]

Titanium Corporation Inc. (the "**Company**") hereby grants the following to the Participant named below in accordance with and subject to the terms, conditions and restrictions of this award notice together with the provisions of the Restricted Share Unit Plan of the Company (the "**Plan**") dated [insert]:

Date of Grant:	<u>[insert]</u>
Number of RSUs Awarded:	<u>[insert]</u>
RSU Term/Expiry Time:	<u>[insert]</u>

Subject to any acceleration in vesting as provided in the Plan and approved by the Board of Directors, the RSUs granted in this award vest as follows:

<u>% of RSUs Which Vest</u>	<u># of RSUs Which Vest</u>	<u>Vesting Date</u>
•%	[insert]	[insert]
•%	[insert]	[insert]
•%	[insert]	[insert]

In order to receive Common Shares representing your Award, complete and deliver a Notice of Acquisition in accordance with the terms of the Plan prior to the Expiry Time or earlier, as required or permitted under the Plan, together with a certified cheque or bank draft payable to the Company for the aggregate Award Price.

The terms and conditions of the Plan are hereby incorporated by reference as terms and conditions of this Award Notice and all capitalized terms used herein, unless expressly defined in a different manner, have the meanings ascribed thereto in the Plan.

TITANIUM CORPORATION INC.

Per: _____
Authorized Signatory

SCHEDULE B

RESTRICTED SHARE UNIT PLAN

FORM OF NOTICE OF ACQUISITION

To: Titanium Corporation Inc. (the "**Company**")

From: _____

Please be advised that effective _____, I wish to exercise my Award to acquire _____ Common Shares of the Company in accordance with the terms of the Award Notice dated _____ and the Restricted Share Unit Plan of the Company (the "**Plan**"). Additionally, I enclose a certified cheque or bank draft in payment of \$ _____ in respect of the Award Price plus an amount equal to the Applicable Withholding Amount for such acquisition of Common Shares.

The terms and conditions of the Plan are hereby incorporated by reference as terms and conditions of this Notice of Acquisition and all capitalized terms used herein, unless expressly defined in a different manner, have the meanings ascribed thereto in the Plan.

Dated _____.

Please issue ____ Common Shares registered as follows:

(No. of certificates)

(No. of Common Shares)

NAME

ADDRESS

☐ Cheque attached

(Employee Signature)

(Date)

SCHEDULE "D"

TITANIUM CORPORATION INC.

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee (the "Audit Committee") assists the Board of Directors (the "Board") in overseeing the financial controls and reporting of Titanium Corporation Inc. and any and all subsidiary corporations (collectively, the "Corporation"). The Audit Committee also monitors whether the Corporation complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

COMPOSITION AND QUORUM

The Audit Committee is composed of a minimum of three and a maximum of five members. A majority of the members of the Audit Committee must qualify as independent directors in accordance with National Instrument 52-110 of the Canadian Securities Administrators ("NI 52-110") as determined by the Board. Each member of the Audit Committee must be financially literate, capable of reading and understanding a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. At least one member of the Audit Committee must have accounting or related financial experience, being the ability to analyze and interpret a full set of financial statements, including notes thereto, in accordance with generally accepted accounting principles.

Independent members of the Audit Committee may not receive, directly or indirectly, any compensation from the Corporation other than compensation received in their roles as directors and committee members and must be free of any material relationship with the Corporation which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment. The Board shall, in making any such determination, exercise its discretion in accordance with the guidance contained in NI 52-110.

The quorum at any meeting of the Audit Committee is a majority of its members.

The Corporate Governance Committee shall review the candidacy of any director being considered for the Audit Committee prior to the invitation being extended to such director to join the Audit Committee and shall periodically review the composition of the Audit Committee.

AUTHORITY

The Audit Committee has the authority to:

1. engage independent counsel and other advisors as it determines necessary to carry out its duties;
2. set and pay the compensation for any advisors employed by the Audit Committee; and
3. communicate directly with any auditors performing audit, review of attest services for or on behalf of the Corporation.

RESPONSIBILITIES

The Audit Committee has the following responsibilities:

With respect to financial reporting

1. Assuming overall responsibility for the disclosure of all financial and related information by the Corporation in accordance with all legal and regulatory requirements, both with respect to content and timing governing the dissemination of such information.

2. Reviewing the annual financial statements and accompanying notes, the external auditors' report thereon, the annual Management's Discussion and Analysis ("MD&A") and the related press release announcing the Corporation's earnings, and obtaining explanations from management on all significant variances with comparative periods, before recommending their approval by the Board and their release.
3. Reviewing the quarterly financial statements, the interim MD&A and the related press release announcing the Corporation's earnings before recommending their approval by the Board and their release.
4. Reviewing the financial information contained in the Annual Information Form, Annual Report, prospectuses and other documents containing similar financial information extracted or derived from the Corporation's financial statements before their public disclosure or filing with regulatory authorities in Canada and periodically assessing the adequacy of the procedures established to review the Corporation's public disclosure of such financial information.
5. Reviewing with management and the external auditors the quality and not just the acceptability of the Corporation's accounting policies and any changes that are proposed to be made thereto, including (i) all critical accounting policies and practices used, (ii) any alternative treatments of financial information that have been discussed with management, the ramification of their use and the external auditors' preferred treatment, and (iii) any other material communications with management with respect thereto, and reviewing the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.
6. Reviewing with the external auditors any audit problems or difficulties and management's response thereto and resolving any disagreement between management and the external auditors regarding financial reporting.
7. Reviewing periodically any policies of the Corporation with respect to the communication of financial and related information to ensure that they conform with applicable legal and regulatory requirements.

With respect to risk management and internal controls

1. Monitoring the quality and integrity of the Corporation's system of internal controls and management information systems, through discussions with management and the external auditors.
2. Reviewing all audit plans of external auditors and arranging for any additional independent audit procedures deemed necessary by the Audit Committee to gain reasonable assurance that the combined evaluation and testing of internal financial controls is comprehensive, coordinated and cost-effective.
3. Overseeing management's reporting on internal control.
4. At least annually, reviewing a report of the external auditors describing the Corporation's internal quality-control procedures, any material issues raised by the most recent reviews of internal controls and management information systems or by any inquiry or investigation by governmental or professional authorities and any recommendations made and steps taken to deal with any such issues.
5. Monitoring the execution of all audit plans.
6. Ensuring that persons auditing internal controls are always ultimately accountable to the Audit Committee and the Board.
7. Establishing procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

With respect to the external auditors

1. Overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.
2. Reviewing the annual written statement of the external auditors regarding all their relationships with the Corporation and discussing any relationships or services that may impact on their objectivity or independence.
3. Making recommendations to the Board concerning the appointment and, if appropriate, the termination (both subject to shareholder approval) of the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation and monitoring their qualifications, performance and independence.
4. Approving the performance of all non-audit services to be provided to the Corporation by the Corporation's external auditors.
5. Approving and overseeing the disclosure of all audit services provided by the external auditors to the Corporation or any of its subsidiaries, determining which non-audit services the external auditors are prohibited from providing and, exceptionally, approving and overseeing the disclosure of permitted non-audit services to be performed by the external auditors.
6. Making recommendations to the Board concerning the basis and amount of the external auditors' fees for both audit and authorized non-audit services.
7. Reviewing the audit plan with the external auditors and management and approving the scope, extent and schedule of such audit plan.
8. Reviewing and approving the Corporation's hiring policies for partners, employees or former partners or employees of the present and former external auditors.
9. Ensuring the respect of legal requirements regarding the rotation of applicable partners of the external auditors, on a regular basis, as required.
10. Ensuring that the external auditors are always accountable to the Audit Committee and the Board.
11. Making arrangements for sufficient funds to be available to effect payment of the fees of the external auditors and of any advisors or experts retained by the Audit Committee.

With respect to insiders

1. Reviewing and monitoring all material non arm's length transactions between the Corporation and insiders of the Corporation.

METHOD OF OPERATION

1. Meetings of the Audit Committee are held at least quarterly, and as required.
2. The Chair of the Audit Committee develops the agenda for each meeting of the committee in consultation with the Chief Financial Officer. The agenda and the appropriate material are provided to members of the Audit Committee on a timely basis prior to any meeting of the Audit Committee.
3. The Chair of the Audit Committee reports regularly to the Board on the business of the Committee.
4. The Audit Committee has at all times a direct line of communication with the Corporation's auditors.

5. The Audit Committee meets on a regular basis without management or the external auditors.
6. The Audit Committee meets separately with management and the auditors at least annually, and more frequently as required.
7. The Audit Committee may, in appropriate circumstances, engage external advisors, subject to advising the Chairman of the Board thereof.
8. The Audit Committee annually reviews its mandate and reports to the Board on its adequacy and publication requirements.
9. The Nominating and Corporate Governance Committee annually supervises the performance assessment of the Audit Committee and its members.

Nothing contained in this mandate is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Corporation or the members of the Audit Committee. Even though the Audit Committee has a specific mandate and its members may have financial experience, they do not have the obligation to act as auditors or to perform auditing, or to determine that the Corporation's financial statements are complete and accurate. Members of the Audit Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, and (iii) representations made by management as to the non-audit services provided to the Corporation by the external auditor. The Audit Committee's oversight responsibilities are not established to provide an independent basis to determine that (i) management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures, or (ii) the Corporation's financial statements have been prepared and, if applicable, audited in accordance with generally accepted accounting principles.

Reviewed and approved by the Audit Committee on January 15, 2014 and by the Board of Directors on January 23, 2014.

