



MOSAIC CAPITAL

MOSAIC CAPITAL CORPORATION
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
to be held May 16, 2017

**NOTICE OF MEETING
AND
INFORMATION CIRCULAR**

"Growth through sustainable cash flow"

Dated April 4, 2017

This document is important and requires your immediate attention. If you have any questions as to how to deal with it, you should consult your investment dealer, broker, bank manager, lawyer or other professional advisor. If you require more information with respect to voting your securities of Mosaic Capital Corporation, please email us at info@mosaiccapitalcorp.com or contact Investor Relations at (403) 218-6500.

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MOSAIC CAPITAL CORPORATION

April 4, 2017

Dear Shareholders:

You are cordially invited to attend our Annual and Special Meeting of Shareholders to be held at the Metropolitan Conference Centre, Strand/Tivoli Room, 333 – 4th Avenue SW, Calgary, Alberta, at 3:00 p.m. (Calgary time) on May 16, 2017. At the meeting, we will vote on the proposals set forth in the Notice of Meeting and the accompanying Information Circular, as well as address any other business matters that may properly come before the meeting.

Enclosed with this invitation are the Notice of Meeting, the Information Circular and a form of proxy to be used for voting purposes. Your vote at this meeting is important. Whether or not you plan to attend the meeting, I hope you will vote as soon as possible. You will find voting instructions in the Information Circular and on the form of proxy.

If you have any questions in the interim, please email us at info@mosaiccapitalcorp.com or call Investor Relations at (403) 218-6500. I look forward to seeing you at the meeting.

(signed) “John Mackay”

Executive Chairman

Mosaic Capital Corporation

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF
MOSAIC CAPITAL CORPORATION**

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") of Mosaic Capital Corporation ("**Mosaic**") will be held at the Metropolitan Conference Centre, Strand/Tivoli Room, 333 – 4th Avenue SW, Calgary, Alberta, at 3:00 p.m. (Calgary time) on May 16, 2017 for the following purposes:

1. to receive and consider the audited consolidated financial statements of Mosaic for the financial year ended December 31, 2016, together with the auditor's report thereon;
2. to fix the number of directors to be elected at the Meeting at not more than five (5);
3. to elect directors for the ensuing year;
4. to appoint auditors of Mosaic for the ensuing year and authorize the directors to set their remuneration;
5. to approve the amended and restated Securities-Based Compensation Plan of Mosaic; and
6. to transact such other business as may properly come before the Meeting or any adjournment(s) thereof.

Specific details of the matters to be put before the Meeting are set forth in the information circular accompanying this Notice (the "**Information Circular**").

The record date for determination of Shareholders entitled to receive notice of and to vote at the Meeting is March 24, 2017 (the "**Record Date**"). Only Shareholders whose names have been entered in the register of Common Shares at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting. Each Common Share entitled to be voted at the Meeting will entitle the holder to one vote at the Meeting.

Shareholders are requested to complete, sign and return the applicable accompanying form of proxy for use at the Meeting, whether or not they are able to attend personally, as described in the Information Circular.

You are a registered Shareholder if your Common Shares are held in your name and you have a certificate representing such Common Shares. If you are a registered Shareholder and are unable to attend the Meeting in person, please date, complete and sign the enclosed form of proxy and deliver it to Mosaic's transfer agent, Computershare Trust Company of Canada, in accordance with one of the methods of delivery described on the form of proxy, which include by mail to 8th Floor, 100 University Avenue Toronto, Ontario M5J 2Y1, by phone to 1-866-732-8683 (Toll Free), by fax to 1-866-249-7775, or on the internet at www.investervote.com. In order to be valid and acted upon at the Meeting or at any adjournment or postponement thereof, proxies must be received by Computershare Trust Company of Canada as aforesaid at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for the Meeting or any adjournment or postponement thereof. Mosaic may waive the proxy cut-off time without notice in its discretion. Failure to so deposit a form of proxy in accordance with the foregoing may result in its invalidation.

You are a beneficial Shareholder if your Common Shares are held in the name of an intermediary or a nominee. If you are a beneficial holder of Common Shares, please date, complete, sign and return the voting instruction form provided by your broker or other intermediary in accordance with the instructions provided therein.

Dated at Calgary, Alberta this 4th day of April 2017.

**BY ORDER OF THE BOARD OF DIRECTORS
OF MOSAIC CAPITAL CORPORATION**

(signed) "John Mackay"

Executive Chairman



INFORMATION CIRCULAR

FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 16, 2017

INTERPRETATION AND GLOSSARY

In this Information Circular, unless the context otherwise requires, references to "we", "us", "our" or similar terms refer to Mosaic (either alone or together with its subsidiaries, as applicable in the context). All references to "dollars" or "\$" in this Information Circular are to Canadian dollars, unless otherwise noted. All capitalized terms used but not defined in this Information Circular shall have the meaning given to such terms in the "Glossary of Terms" attached as Appendix "A" to this Information Circular.

In this Information Circular, "**Mosaic**" refers to Mosaic Capital Corporation (either alone or together with its subsidiaries, as applicable in the context), and for any periods prior to May 1, 2011 refers to the Fund (either alone or together with its subsidiaries, as applicable in the context), Mosaic's predecessor for accounting purposes, and to FWP the other corporate entity involved in the Arrangement completed on May 1, 2011 whereby the Fund and FWP became wholly-owned subsidiaries of Mosaic.

GENERAL PROXY AND MEETING MATTERS

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by or on behalf of management of Mosaic for use at the annual and special meeting (the "**Meeting**") of holders (the "**Shareholders**") of common shares (the "**Common Shares**") of Mosaic to be held at the Metropolitan Conference Centre, Strand/Tivoli Room, 333 – 4th Avenue SW, Calgary, Alberta at 3:00 p.m. (Calgary time) on Tuesday, May 16, 2017, and at any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of Meeting.

It is expected that solicitation of proxies will be primarily by mail but proxies may also be solicited by telephone, facsimile or in person by directors, officers and employees of Mosaic who will not be additionally compensated therefor. Brokers, nominees or other persons holding Common Shares in their names for others may be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such Common Shares. The costs of soliciting proxies by or on behalf of management of Mosaic will be borne by Mosaic.

Appointment of Proxies

The persons named in the accompanying form of proxy (the "Form of Proxy") are directors or officers of Mosaic. Each Shareholder has the right to appoint a proxyholder other than the persons designated in the Form of Proxy, who need not be a Shareholder, to attend and to act for and on behalf of the Shareholder at the Meeting. To exercise such right the Shareholder should legibly print the name of its desired appointee in the blank space provided in the Form of Proxy.

The Form of Proxy must be in writing executed by the Shareholder or by the Shareholder's agent or attorney or, if the Shareholder is a corporation, under its corporate seal. If the Form of Proxy is executed by an agent or attorney, evidence of the agent's or attorney's written authority must accompany the Form of Proxy. A proxy will not be valid unless the completed Form of Proxy is received by Computershare Trust Company of Canada, 8th Floor, 100 University Avenue Toronto, Ontario M5J 2Y1, by phone to 1-866-732-8683 (Toll Free), by fax to 1-866-249-7775, or on the internet at www.investervote.com, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) preceding the Meeting or any adjournment or postponement thereof.

Revocation of Proxies

A Shareholder who has submitted a Form of Proxy may revoke it by an instrument in writing executed by the Shareholder, or by the Shareholder's agent or attorney, and delivered to Computershare Trust Company of Canada in the manner described above (together with evidence of the agent's or attorney's written authority) so as to arrive not less than 48 hours preceding the Meeting, or any adjournment thereof, at which the Form of Proxy is to be used, or delivered to the chair of the Meeting on the day of the Meeting or any adjournment thereof. A revocation of a Form of Proxy does not affect any matter on which a vote has been taken prior to the revocation.

Voting of Proxies

On any ballot that may be called for at the Meeting, the management representatives designated in the enclosed Form of Proxy will vote, or withhold from voting, the Common Shares in respect of which they are appointed proxy in accordance with the instructions of the Shareholder as specified on the Form of Proxy. If the Shareholder specifies a choice with respect to any matter to be acted upon at this Meeting the Common Shares will be voted accordingly, however, in the absence of such specification the Common Shares will be voted "FOR" the matters to be acted upon at this Meeting.

The enclosed Form of Proxy confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting, or any other business is properly brought before the Meeting, it is the intention of the management representatives designated in the enclosed Form of Proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, management knows of no such amendment, variation or other matter which may be presented to the Meeting.

Non-Registered Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold Common Shares in their own name (referred to in this Information Circular as "**Non-Registered Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of Mosaic as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker or other intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of Mosaic. Such Common Shares will more likely be registered under the name of the Shareholder's broker, agent or other intermediary. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depositary Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or other intermediaries (or their agents or nominees) can only be voted, for or against resolutions, upon the instructions of the Non-Registered Shareholder. Without specific instructions, brokers and other intermediaries (and their agents and nominees) are prohibited from voting Common Shares for their clients. Mosaic does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held. **Therefore, Non-Registered Shareholders cannot be recognized at the Meeting for the purposes of voting Common Shares in person or by way of proxy except as set forth below.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Non-Registered Shareholders in advance of shareholders' meetings. Every broker/intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Non-Registered Shareholder by its broker/intermediary (or the agent of the broker) is very similar to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Non-Registered Shareholder. The majority of brokers/intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions, Canada ("**Broadridge**"). Broadridge typically mails a form of proxy return form to Non-Registered Shareholders and requests the Non-Registered Shareholders 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 Shareholder receiving a proxy from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting - the proxy must be returned to Broadridge well in**

advance of the Meeting in order to have the Common Shares voted. Please carefully follow the voting instructions received in order to have your Common Shares voted at the Meeting.

These proxy-related materials are being sent at Mosaic's cost to both our registered Shareholders and to our Non-Registered Shareholders who have not objected to their name being made known to Mosaic. If you are a Non-Registered Shareholder, and Mosaic or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

Record Date and Voting

The record date for the Meeting is March 24, 2017. Shareholders of record at the close of business on the record date are entitled to receive notice of and to attend and vote at the Meeting. Only Shareholders whose names have been entered in the register of Common Shares on the close of business on the record date will be entitled to receive notice of and to vote at the Meeting, except as otherwise provided for under the ABCA. Each Common Share entitles the holder thereof to one vote at the Meeting.

Approval of Resolutions

Unless otherwise specified, a simple majority of affirmative votes cast at the Meeting is required to pass each of the resolutions described herein. If there are more nominees for election as directors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected until all such vacancies have been filled. If the number of nominees for election is equal to the number of vacancies to be filled, all such nominees will be declared elected by acclamation.

VOTING SHARES AND PRINCIPAL HOLDERS

As of the date hereof there are 10,432,140 Common Shares issued and outstanding, each of which entitles the holder to one vote on a ballot. There are no other voting securities of Mosaic issued and outstanding. On a show of hands, every person present and entitled to vote at the Meeting will be entitled to one vote.

Only registered holders of Common Shares at the close of business on March 24, 2017, the record date for the Meeting, are entitled to vote at the Meeting. See "*General Proxy and Meeting Matters – Non-Registered Shareholders*" for an explanation of voting by a Non-Registered Shareholder.

To the knowledge of Mosaic's directors and executive officers, no person beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to any class of voting securities, other than:

<u>Name</u>	<u>Number of Shares⁽¹⁾</u>	<u>Percentage of Outstanding Shares</u>
Alph Investment Corporation ⁽²⁾	1,550,107	14.9%
The Canada West Land and Petroleum Company, Limited ⁽³⁾	1,631,692	15.6%

Notes:

- (1) Mosaic has solely relied upon reports filed on the System for Electronic Disclosure by Insiders (SEDI) at www.sedi.ca in order to ascertain whether any person other than Alph Investment Corporation and The Canada West Land and Petroleum Company, Limited beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to any class of voting securities of Mosaic.
- (2) Harold Kunik is a director of Alph Investment Corporation all of the common shares of which are owned by C-Growth Trust of which Mr. Kunik is a trustee and is within the class of beneficiaries of such trust. Harold Kunik personally owns or exercises control or direction, directly or indirectly, over 210,077 Common Shares, which if aggregated with the Common Shares held by Alph Investment Corporation would total 1,760,184 Common Shares (constituting approximately 16.9% of the issued and outstanding Common Shares).
- (3) John Mackay is a director of The Canada West Land and Petroleum Company, Limited all of the common shares of which are owned by M4 Trust of which Mr. Mackay is a trustee and is within the class of beneficiaries of such trust. John Mackay personally owns or exercises control or direction, directly or indirectly, over 295,765 Common Shares, which if aggregated with the Common Shares held by The Canada West Land and Petroleum Company, Limited would total 1,927,457 Common Shares (constituting approximately 18.5% of the issued and outstanding Common Shares).

MATTERS TO BE ACTED ON AT THE MEETING

PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

At the Meeting, Shareholders will receive and consider the audited consolidated financial statements of Mosaic for the year ended December 31, 2016 together with the auditor's report on such statements, but no vote by the Shareholders with respect thereto is required or proposed to be taken.

ELECTION OF DIRECTORS

The articles of Mosaic provide that the number of directors to comprise the Mosaic Board may be such number as is not more than ten and not less than three. Currently the Mosaic Board consists of five members, each of whom has a term of office which expires at the close of the Meeting. The Mosaic Board proposes that the number of directors to be elected at the Meeting shall be fixed at not more than five.

All directors elected at the Meeting will hold office for a term expiring at the close of the next annual meeting of Shareholders or until their successors are appointed, unless his or her office is vacated earlier in accordance with the corporate bylaws of Mosaic or the ABCA.

Management of Mosaic recommends that Shareholders vote "FOR" fixing the number of directors to be elected at not more than five and "FOR" the election, as directors, of each of the nominees whose names are set forth in the table below.

In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote "FOR" the election of the director nominees whose names are set forth in the table below.

The following table shows, for each person proposed to be nominated for election as a director of Mosaic, his name, province or state, and country of residence, the period during which he has served as a director, the offices he holds with Mosaic, his principal occupation, and the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by him as at the date hereof. Each nominee has expressed his willingness to serve as a director of Mosaic if elected.

Name, Province or State, and Country of Residence⁽¹⁾	Period of Service as a Director	Principal Occupation⁽¹⁾⁽²⁾	Number of Common Shares⁽³⁾
John Mackay ⁽⁵⁾ Alberta, Canada	Since February 2011	Executive Chairman of Mosaic	1,927,457 ⁽⁶⁾
Harold Kunik ⁽⁴⁾⁽⁵⁾ Alberta, Canada	Since February 2011	President of Mosaic	1,760,184 ⁽⁷⁾
William H. Smith ⁽⁴⁾ Alberta, Canada	Since February 2011	Principal of William H. Smith Professional Corporation, a legal consulting firm	387,043
Roger Giovanetto Alberta, Canada	Since June 27, 2012	President of R & H Engineering (1986) Ltd., an engineering services firm	25,984
Gary Bentham ⁽⁴⁾ Alberta, Canada	Since June 11, 2013	President of the BTM Advisory Group, a business advisory firm	12,344

Notes:

- (1) The information as to province or state, and country of residence and principal occupation, not being within the knowledge of Mosaic, has been furnished by the respective nominees individually.
- (2) Please see information under the heading "*Background of Director Nominees*", below, for the principal occupations, businesses or employments of each proposed director within the five preceding years.
- (3) The information as to the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being solely within the knowledge of Mosaic, has been based upon reports filed on the System for Electronic Disclosure by Insiders (SEDI) at www.sedi.ca.
- (4) Member of the Audit Committee.
- (5) Member of Disclosure Committee.

- (6) 1,631,692 Common Shares (constituting approximately 15.7% of the issued and outstanding Common Shares) are held by The Canada West Land and Petroleum Company, Limited (of which Mr. Mackay is a director) and all of the common shares of which are owned by M4 Trust of which Mr. Mackay is a trustee and is within the class of beneficiaries of such trust.
- (7) 1,550,107 Common Shares (constituting approximately 14.9% of the issued and outstanding Common Shares) are held by Alph Investment Corporation (of which Mr. Kunik is a director) and all of the common shares of which are owned by C-Growth Trust of which Mr. Kunik is a trustee and is within the class of beneficiaries of such trust.

Background of Director Nominees

John Mackay
Executive Chairman of Mosaic

John (age 51) is presently Executive Chairman and a director of Mosaic. From February 2011 to July 2016, John served as Chief Executive Officer of Mosaic. Since December 2007 he has also been a partner of Agcapita Partners L.P., an agricultural investment firm. John has over 25 years' experience in public markets transactions and as a private equity fund manager. John began his career as a lawyer and was a partner in the Corporate Finance and Mergers and Acquisition practice group at McCarthy Tétrault LLP until June 30, 2004. John has advised public and private companies, venture capitalists, private equity funds and underwriters with respect to the structuring and securities law implications of domestic and international private placements, public offerings, corporate reorganizations, mergers and acquisitions. John was Chair of the Securities Law Subsection of the Canadian Bar Association and past member of the Securities Advisory Committee to the Alberta Securities Commission. John received a Bachelor of Laws (Honours) from the University of Durham in the United Kingdom in 1993.

Harold M. Kunik
President of Mosaic

Harold (age 56) is presently President and a director of Mosaic. From February 11, 2011 until May 4, 2015 Harold served as Chief Financial Officer of Mosaic. Since December 2007 Harold has also been a partner of Agcapita Partners L.P., an agricultural investment firm. Harold has over 20 years' experience as a private equity and venture capital fund manager and in corporate turn-arounds and restructurings. Harold began his career with KPMG Peat Marwick and practiced in both its domestic and international offices. During his nine year tenure he was involved in corporate restructurings and acted as a corporate consultant and business planner to clients in a broad range of industries and with revenues ranging in size from \$1 million to \$750 million. In 1994, Harold joined Western New Ventures Capital Corporation, a private equity firm located in Edmonton, Alberta. He became a partner with New Ventures and played a key role as Chief Financial Officer and as a director of several of the investee companies. In 2001, Harold joined Avenir Capital Corporation, a Calgary based private equity fund as Managing Director, Investments and later managed the Avenir Growth Fund. Harold possesses two professional accounting designations, having obtained his Certified Management Accountant designation in Alberta in 1986 and his Chartered Professional Accountant designation in New Zealand in 1992.

William H. Smith, Q.C.
Vice Chairman of Mosaic

Bill (age 64) is presently Vice Chairman and a director of Mosaic. Bill acted as Executive Vice President of Mosaic from February 11, 2011 to April 12, 2012. He is the principal of William H. Smith Professional Corporation (a law firm). Until June 2010, Bill practised in the Corporate and Securities group of a major Canadian law firm for more than 20 years as advisor to public and private companies, individuals and corporate boards involved in a wide variety of businesses, including technology, manufacturing, finance, resources and services. He is a director and corporate secretary of several public and private companies. Bill was formerly Executive Vice President and General Counsel of Velo Energy Inc. (a TSX-V listed oil and gas company) from August 2009 to January 2010 and Executive Vice President and General Counsel of Oilexco Incorporated (Toronto Stock Exchange and London Stock Exchange listed oil and gas exploration and production company) from October 2007 to July 2009. Bill received a Bachelor of Arts (1973) and a Bachelor of Laws (1976), both from the University of Alberta. He has served as Executive Director of the Alberta Securities Commission (1990) and was Chair of the Securities Advisory Committee for 10 years. Bill co-presented seminars for the Institute of Chartered Accountants (Alberta) on "The CFO and the Board of Directors" in the CFO Leadership course and "The Effective Director" as well as participating in commercial seminars. Bill is active in the community and serves on the boards of not-for-profit companies.

Roger Giovanetto

Roger (age 81) is presently a director of Mosaic. From 2001 to April 2006 Mr. Giovanetto served as President of King Energy Inc., a public company specializing in the development, acquisition and production of oil and gas reserves in Alberta. Since April, 2006 Mr. Giovanetto's principal occupation has been as President of R&H Engineering (1986) Ltd., a metallurgical, materials and corrosion engineering services company which specializes in the areas of chemical and materials engineering with a focus on oilfield optimization, completions and chemical treatments. Mr. Giovanetto has been instrumental in developing business operations in Siberia, where he specialized in renovating existing oilfields. He has also assisted in establishing several chemical manufacturing facilities in Siberia and Iran. During his career, Mr. Giovanetto has served as a director for several publically listed companies. Mr. Giovanetto holds a Bachelor of Science in Metallurgical Engineering from the University of Alberta.

Gary Bentham

Gary (age 63) is a director of Mosaic. Mr. Bentham is President of the BTM Advisory Group ("**BTM**"), an advisory firm established in 2005 that provides business restructuring, corporate finance, and executive management services to companies in Canada and the United States. Through BTM, Mr. Bentham has served as both advisor and executive to companies in the energy services, manufacturing, real estate development and financial services industries. Prior to 2005, he was a corporate recovery and audit partner with KPMG Canada for twenty years where he served clients primarily in Western Canada. Mr. Bentham serves as a director on several public and private companies based in Calgary. He is a graduate of the University of Saskatchewan, a Chartered Professional Accountant and a member of the Institute of Corporate Directors.

Corporate Cease Trade Orders

Except as otherwise disclosed below, to the knowledge of Mosaic, no proposed nominee for director of Mosaic is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including Mosaic) that: (i) was subject to a cease trade order or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 days that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 days that was issued after that person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. William H. Smith was a director and officer of Oilexco Incorporated ("**Oilexco**") when, as a consequence of the severe disruption in the financial and commodity markets during the fall of 2008, it filed for protection under the *Companies Creditors' Arrangement Act* (Canada) on or about February 5, 2009. At about the same time its wholly-owned subsidiary in the United Kingdom (of which Mr. Smith was also a director and officer) filed for administration for the benefit of its creditors. Oilexco was subsequently suspended from trading by the TSX-V in September, 2009. ScotOil Petroleum Limited, the successor to Oilexco, was subject to cease trade orders issued by the Alberta, British Columbia and Ontario securities commissions in March 2010 for failure to file financial statements. Each of these cease trade orders were revoked in June 2011. In addition, the directors of Oilexco, including Mr. Smith, were reprimanded by the TSX-V based on the TSX-V finding that Oilexco ought to have issued certain press releases when it was insolvent.

Penalties or Sanctions

Except as otherwise disclosed herein, to the knowledge of Mosaic, no proposed nominee for director of Mosaic has been subject to 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 Canadian securities authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director of Mosaic.

Mr. Bentham reached a settlement agreement in June 2005 with the United States Securities and Exchange Commission ("**SEC**") regarding an alleged violation of the auditor independence rules of the SEC. The SEC alleged that Mr. Bentham, while a partner at KPMG LLP, oversaw the provision of certain accounting services by KPMG LLP to an SEC registrant during the years 1999 to 2002 while KPMG LLP was also serving as auditors. Under the terms of the settlement, Mr. Bentham agreed not to appear or practice as an accountant before the SEC for a period

of two years after which time he could apply for reinstatement. In addition, Mr. Bentham accepted a reprimand as settlement of this same matter with the Institute of Chartered Accountants of Alberta.

Bankruptcies

Except as otherwise disclosed herein, to the knowledge of Mosaic, no proposed nominee for director of Mosaic: (i) is, at the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including Mosaic) that, while that person was acting in that 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 was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the ten years before the date hereof, become 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 such person's assets.

Mr. William H. Smith was previously a director of SemBioSys Genetics Inc. ("**SemBioSys**"). On May 1, 2012, Mr. Smith resigned as a director of SemBioSys. On June 22, 2012 a secured creditor was granted an order under the *Bankruptcy and Insolvency Act* (Canada) appointing a receiver to take possession of and deal with specific assets of SemBioSys which had been pledged to that creditor.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of Mosaic may be subject in connection with the operations of Mosaic. In particular, certain of the directors and officers of Mosaic are engaged in a wide range of real estate and other business activities which may, from time to time, be in direct competition with those of Mosaic. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director or officer has an interest in a contract or proposed contract or agreement, the director or officer shall disclose his interest in such contract or agreement and, in the case of the interested director, shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA. As at the date of this Information Circular, the Mosaic board of directors and management of Mosaic are not aware of any existing or likely material conflicts of interest between Mosaic and any director or officer of Mosaic other than that which has been disclosed in this Information Circular and Mosaic's Annual Information Form for the year ended December 31, 2016.

APPOINTMENT OF AUDITORS

At the Meeting, the Shareholders will be called upon to appoint Deloitte LLP, Chartered Accountants, as auditors of Mosaic, to hold office until the next annual meeting of Mosaic, at a remuneration to be fixed by the directors of Mosaic. Deloitte LLP has acted as auditors of Mosaic since March 9, 2011.

Management of Mosaic recommends that Shareholders vote "FOR" the appointment of Deloitte LLP, Chartered Accountants, as auditors of Mosaic, to hold office until the next annual meeting of Mosaic at such remuneration as is to be fixed by the directors of Mosaic.

In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote "FOR" the appointment of Deloitte LLP as auditors of Mosaic.

APPROVAL OF AMENDED & RESTATED SECURITIES-BASED COMPENSATION PLAN

Mosaic will seek approval of the Shareholders at the Meeting to adopt the Securities-Based Compensation Plan. The Plan is an amendment and restatement of Mosaic's current 2015 Plan. The amendments being made are principally to reflect the redemption of certain classes of securities of Mosaic, which are no longer issued and outstanding and will no longer be available under Awards granted under the Securities-Based Compensation Plan.

The number of Common Shares which may be reserved for issuance from treasury under the Securities-Based Compensation Plan may not exceed 10% of the issued and outstanding Common Shares on a rolling basis. The Mosaic Board approved the Securities-Based Compensation Plan on April 4, 2017. Under the policies of the TSX-V, the Securities-Based Compensation Plan must also be approved by the Shareholders to be effective. Accordingly, at the Meeting, Shareholders will be asked to approve the following resolution:

"BE IT RESOLVED as an ordinary resolution THAT:

1. The Securities-Based Compensation Plan of Mosaic Capital Corporation, in substantially the form attached as Appendix "D" to the information circular of Mosaic Capital Corporation dated April 4, 2017, be and is hereby approved;
2. Notwithstanding that this resolution has been passed by the shareholders of Mosaic Capital Corporation, the board of directors of Mosaic Capital Corporation may revoke such resolution at any time before it has been effected without further action by the shareholders; and
3. Any director or officer of Mosaic Capital Corporation be and is hereby authorized, for and on behalf of Mosaic Capital Corporation to execute and deliver all documents and instruments and take such other actions, including making all necessary filings with applicable regulatory bodies and stock exchanges, as such director or officer may determine to be necessary or desirable to implement this ordinary resolution and the matter authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument and the taking of any such action."

The Board believes the Securities-Based Compensation Plan is in Mosaic's best interests and recommends that the Shareholders approve the amended plan.

In the absence of contrary instructions, the persons named in the accompanying Form of Proxy intend to vote "FOR" the approval of the amended Securities-Based Compensation Plan.

Plan Summary

The following is a summary of certain of the provisions of the Securities-Based Compensation Plan. It is not intended to be a comprehensive discussion of all of the terms and conditions of the Securities-Based Compensation Plan and, in the case of any conflict or discrepancy between the summary set forth below and the terms of the Securities-Based Compensation Plan, the terms of such adopted Plan shall govern.

Readers are advised to review the full text of the Securities-Based Compensation Plan to fully understand all terms and conditions of the plan. A copy of the Securities-Based Compensation Plan (in substantially the form to be adopted) is attached to this Information Circular as Appendix "D".

Purpose

The purpose of the Securities-Based Compensation Plan is to promote Mosaic's interests and long-term success by enabling Mosaic to provide directors, officers, employees and consultants with securities based incentives in order to motivate them to further develop and promote Mosaic's business and financial success. The issuance of such securities based incentives is to further align the interests of persons to whom Awards may be granted with those of Mosaic's securityholders through providing such persons with an ownership interest in Mosaic, and to assist Mosaic in attracting, retaining and motivating its directors, officers, employees and consultants.

Eligible Persons

Under the Securities-Based Compensation Plan, Awards may be granted to any director, officer, employee or consultant of Mosaic, or any of its affiliates (an "**Eligible Person**"). A participant ("**Participant**") is an Eligible Person to whom an Award has been granted under the Securities-Based Compensation Plan.

Number of Securities Issued or Issuable

Subject to the adjustment provisions provided for in the Securities-Based Compensation Plan and the applicable rules and regulations of all regulatory authorities to which Mosaic is subject (including any stock exchange), the maximum number of Common Shares which may be reserved for issuance from treasury at any time, pursuant to Awards granted under the Plan shall not exceed 10% of the issued and outstanding Common Shares on a rolling basis, which number shall include Common Shares reserved for issuance from treasury pursuant to the Unit Options.

If an Award entitles the holder to receive or purchase Common Shares, the number of Common Shares covered by such Award or to which such Award relates will be counted against the aggregate number of Common Shares available for granting Awards under the Securities-Based Compensation Plan.

If an outstanding Award for any reason expires or is terminated or cancelled, in whole or in part, without having been exercised or settled in full, or if Common Shares acquired pursuant to an Award subject to forfeiture or repurchase are forfeited or repurchased by Mosaic for an amount not greater than the Participant's purchase price, the Common Shares will again be available for issuance under the Securities-Based Compensation Plan. Common Shares will not be deemed to have been issued pursuant to the Securities-Based Compensation Plan with respect to any portion of an Award that is settled in cash.

The Plan also provides that the number of Common Shares reserved for issuance at any time under the Plan shall not include any Common Shares which are purchased in the market and held by a trustee for the purpose of settling Options or Restricted Securities Units.

Maximum Grant to Any One Participant

No more than 5% of the issued and outstanding Common Shares may be granted, or reserved for issuance, to any one individual Participant in any 12 month period (unless Mosaic has obtained disinterested Shareholder approval for such grant).

Maximum Grant to Any One Consultant

No more than 2% of the issued and outstanding Common Shares may be granted, or reserved for issuance, to any one consultant in any 12 month period.

Maximum Grant to Any Person Performing Investor Relations Activities

For so long as the Common Shares are listed on the TSX-V, no more than 2% of the issued and outstanding Common Shares may be granted, or reserved for issuance, to any person conducting investor relations activities in any 12 month period.

Options

The Mosaic Board is authorized to grant Options to Eligible Persons subject to the terms and conditions of the Securities-Based Compensation Plan and any requirements of the TSX-V.

Exercise Price and Vesting of Options

The exercise price per Common Share for Options, unless otherwise determined by the Mosaic Board in its sole discretion, shall be the "**Common Share Value**" which shall be calculated as the weighted average price at which the Common Shares have traded on the stock exchange on which the Common Shares are traded during the period of the ten most recent trading days ending on the trading day immediately prior to the date of the grant of the Options; provided that, in no event may the Option exercise price be set at a price less than the lowest price permitted under the applicable rules and regulations of all regulatory authorities to which Mosaic is subject.

If Options are issued to persons performing investor relations activities then such Options must vest in stages over no less than 12 months with no more than one-quarter of the Options vesting in any three month period. Except as determined from time to time by the Mosaic Board, all Options will cease to vest as at the date upon which the Participant ceases to be an Eligible Person, as defined in the Securities-Based Compensation Plan (which, in the case of an employee or consultant, will be the date on which employment or engagement, as applicable, terminates, specifically without regard to any period of reasonable notice or any salary continuance).

Term of Options

Subject to an extension in the case of a blackout period, the term of Options granted will be determined by the Mosaic Board and specified in the option agreement pursuant to which such option is granted, provided that the date cannot be later than the earlier of: (i) the date which is the tenth anniversary of the date on which such option is granted; and (ii) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which Mosaic is subject. The Securities-Based Compensation Plan also provides for early termination of Options in certain circumstances, including death and termination for cause (see "*Expiry*", below).

Stock Appreciation Rights

The Mosaic Board is authorized to grant Stock Appreciation Rights to Eligible Persons subject to the terms and conditions of the Securities-Based Compensation Plan and any requirements of the TSX-V.

For Stock Appreciation Rights granted under the Securities-Based Compensation Plan, the Participant, upon exercise of the Stock Appreciation Right, has the right to receive, as determined by the Mosaic Board, cash or a number of Common Shares equal to the excess of: (i) the fair market value of one Common Share on the date of exercise (or, if the Mosaic Board so determines at any time during a specified period before or after the date of exercise); and (ii) the grant price of the Stock Appreciation Right as determined by the Mosaic Board, which grant price cannot be less than the Common Share Value (see "*Exercise Price and Vesting of Options*", above) of one Common Share on the date of grant of the Stock Appreciation Right.

Term of Stock Appreciation Rights

Subject to an extension in the case of a blackout period, the expiry date of each Stock Appreciation Right granted will be determined by the Mosaic Board and specified in the Award agreement pursuant to which such Stock Appreciation Right is granted, provided that the date cannot be later than the earlier of: (i) the date which is the tenth anniversary of the date on which such Stock Appreciation Right is granted; and (ii) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which Mosaic is subject. The Securities-Based Compensation Plan also provides for early termination of Stock Appreciation Rights in certain circumstances, including death and termination for cause (see "*Expiry*", below).

Restricted Stock

The Mosaic Board is authorized to grant Restricted Stock, in the form of Common Shares, to Eligible Persons subject to the terms and conditions of the Securities-Based Compensation Plan. The Restricted Stock will be subject to such restrictions as the Mosaic Board may impose and which comply with the requirements of the TSX-V, which restrictions may lapse separately or in combination at such time or times, in such instalments or otherwise as the Mosaic Board determines.

Term of Restricted Stock

Subject to any restrictions imposed by the TSX-V, holders of Restricted Stock shall have all rights of a shareholder of record with respect to such Common Shares (including the right to vote and receive dividends) upon the issuance of the certificate, certificates or written acknowledgment for the Common Shares of Restricted Stock. The Common Shares of Restricted Stock shall vest in the holder thereof when all vesting restrictions and vesting contingencies lapse, including the lapse of any rights of forfeiture. Until such time, the Mosaic Board may require that such Common Shares be held by Mosaic together with a stock power duly endorsed in blank by the holder.

Except as otherwise determined by the Mosaic Board, upon a Participant ceasing to be an Eligible Person during the applicable restriction period, all applicable Common Shares of Restricted Stock at such time subject to restriction shall be forfeited and reacquired by Mosaic.

Restricted Securities Units

The Mosaic Board is authorized to issue Restricted Securities Units, in the form of Common Shares, to Eligible Persons subject to the terms and conditions of the Securities-Based Compensation Plan and any requirements of the TSX-V. Each Restricted Securities Unit issued under the Plan confers on the holder the right to receive a Common Share (or cash payment equal to the fair market value of such Common Share if the Mosaic Board so elects) at some future date, subject to the terms of an Award agreement as set by the Mosaic Board and containing terms not inconsistent with the provisions of the Plan. The terms of an Award agreement will typically contain, among other things, provisions pertaining to vesting, settlement (including settlement price and manner of settlement), expiry and dividend equivalency rights. The Mosaic Board may also, in its discretion, issue an Award of Restricted Securities Units to a Participant in circumstances where such Award is subject to one or more conditions subsequent or other criteria which must be satisfied before the actual number of Awards remaining available for vesting or settlement to the benefit of such Participant can be determined and then "granted" to the Participant.

The value of a Restricted Securities Unit at the date of issuance shall be the "RSU Fair Market Value". The RSU Fair Market Value shall also, unless otherwise determined by the Mosaic Board, be utilized as the settlement price

(if any) ascribed to the Restricted Securities Unit under the terms of the Award agreement pertaining thereto. The **"RSU Fair Market Value"** will, unless otherwise determined by the Mosaic Board in its discretion, be equal to the price of the Common Share underlying the Restricted Securities Unit, which shall be calculated as the weighted average price of such Common Share determined during the period of the ten most recent trading days on the TSX-V ending on the trading day immediately prior to the date of grant.

A Restricted Securities Unit will also entitle the Participant to receive, and commencing from such date as is specified by the Mosaic Board in the Award agreement, a payment in cash or property equal to any dividend paid on the security underlying the Restricted Securities Unit. Any amount so paid does not have to be repaid by the Participant if the Restricted Securities Units are terminated or cancelled.

Term of Restricted Securities Units

Subject to an extension in the case of a blackout period, the expiry date of Restricted Securities Units will be determined by the Mosaic Board and specified in the Award agreement pursuant to which such Award is granted, provided that the date cannot be later than the earlier of: (i) the date which is the tenth anniversary of the date on which such Restricted Securities Unit is granted; and (ii) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which Mosaic is subject. The Securities-Based Compensation Plan provides for early vesting of Restricted Securities Units in the event of the death of an Eligible Person and for early termination of Restricted Securities Units in certain circumstances, including termination for cause (see "*Expiry*", below).

Performance Awards

The Mosaic Board is authorized to grant Performance Awards to Eligible Persons subject to the terms and conditions of the Securities-Based Compensation Plan and any requirements of the TSX-V. A Performance Award granted under the Securities-Based Compensation Plan (i) may be denominated or payable in cash, Common Shares (including, without limitation, Restricted Stock and Restricted Securities Units), other securities, other Awards or other property; and (ii) will confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of such performance goals during such performance periods as the Mosaic Board establishes. Subject to the terms of the Securities-Based Compensation Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of the Performance Award will be determined by the Mosaic Board.

Other Share-Based Awards

The Mosaic Board is authorized to grant to an Eligible Person, subject to the terms of the Securities-Based Compensation Plan and any requirements of the TSX-V, such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Common Shares (including, without limitation, securities convertible into Common Shares) or other securities, as are deemed by the Mosaic Board to be consistent with the purpose of the Securities-Based Compensation Plan.

Expiry

In the event the Participant ceases to be an Eligible Person for any reason, other than the death of the Participant or the termination of the Participant for cause, Options, Stock Appreciation Rights and Restricted Securities Units will expire and terminate at such period of time after the date on which the Participant ceases to be an Eligible Person as may be specified by the Mosaic Board ("**Termination Date**"), which date shall not exceed three months following the date of termination of the Participant's directorship, employment or active engagement, as applicable, unless the Mosaic Board otherwise determines, and which period will be specified in the Award agreement. Notwithstanding the foregoing, the Mosaic Board may, subject to the terms of the Securities-Based Compensation Plan any regulatory approval, at any time prior to the expiry of an Option, Stock Appreciation Right or Restricted Securities Unit extend the period of time, subject to a maximum of one year.

In the event of the termination of the Participant as a director, officer, employee or consultant for cause, Options, Stock Appreciation Rights and Restricted Securities Units will expire and terminate on the date of notice of such termination. In the event of the death of a Participant prior to: (i) the Participant ceasing to be an Eligible Person; or (ii) the Termination Date; Options, Stock Appreciation Rights and Restricted Securities Units will expire on the date which is one year after the date of death of the Participant or such other earlier date specified by the Mosaic Board

and which period will be specified in the Award agreement with the Participant with respect to such Options, Stock Appreciation Rights and Restricted Securities Units.

Assignability

Awards granted under the Securities-Based Compensation Plan are non-transferable and non-assignable to anyone other than to a "permitted assign" as defined in the Securities-Based Compensation Plan.

Procedure for Amending

Subject to the terms of the Securities-Based Compensation Plan and any applicable requirements of the TSX-V, the Mosaic Board has the right at any time to amend the Securities-Based Compensation Plan or any Award agreement for Common Shares thereunder, provided that approval of holders of Common Shares has been obtained by ordinary resolution. Notwithstanding the foregoing, approval of holders of Common Shares is not required for amendments of a clerical nature, amendments to reflect any regulatory authority requirements, amendments to cancel Awards for Common Shares or reduce the number of Common Shares under an Award, amendments to increase the exercise price of an Award for Common Shares, amendments to extend the term of any Awards for Common Shares held by non-insiders, reduce the exercise or settlement price per Common Share under any Award held by non-insiders, and amendments to obtain, preserve or clarify the provision of desirable tax treatment to Participants in respect of Awards, as well as amendments which may be necessary or desirable in the interests of the Participants as a result of changes in taxation laws or in their interpretation or administration.

Financial Assistance

Mosaic does not presently provide financial assistance to Participants to facilitate the purchase of Common Shares upon the settlement or exercise of Awards granted under the Securities-Based Compensation Plan.

Other Material Information

Appropriate adjustments to the Securities-Based Compensation Plan and to Awards granted thereunder will be made by the Mosaic Board to give effect to adjustments in the number and type of Common Shares (or other securities or other property) resulting from subdivisions, consolidations, substitutions, or reclassifications of Common Shares, payment of stock dividends or other changes in Mosaic's capital. In the event of any merger, acquisition, amalgamation, arrangement or other scheme of reorganization that results in a change of control, the Mosaic Board has the right, among other things, and in an appropriate and equitable manner: (i) to determine the purchase price or exercise price with respect to any Award, provided, however, that the number of Common Shares covered by any Award or to which such Award relates is always a whole number; (ii) to determine the manner in which all unexercised rights granted under the Securities-Based Compensation Plan will be treated; (iii) to offer any Participant the opportunity to obtain a new or replacement Award over any securities into which the Common Shares are changed or are convertible or exchangeable, on a basis proportionate to the number of Common Shares under Award and the exercise price (and otherwise substantially upon the terms of the Award being replaced, or upon terms no less favourable to the Participant); and/or (iv) to commute for or into any other security or any other property or cash, any Award that is still capable of being exercised, upon giving to the Participant to whom the Award has been granted at least 30 days written notice of its intention to commute the Award, and during such period of notice, such Award, to the extent it has not been exercised, can be exercised by the Participant without regard to any vesting conditions attached thereto, and on the expiry of such period of notice, the unexercised portion of such Award will lapse and be cancelled.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The objective and philosophy behind Mosaic's compensation program is that it should:

- attract and retain highly skilled, long-term, motivated, accountable executive officers;
- motivate executive officers to deliver strong corporate performance;
- maintain compensation levels that are competitive in the marketplace for executive officers;
- ensure a significant portion of executive compensation is dependent upon individual and overall corporate performance;

- align the interests of executive officers with those of Mosaic securityholders; and
- offer a compensation program that meets the interests of all stakeholders in a manner that is low maintenance and complements Mosaic's corporate culture.

Mosaic has adopted a compensation program which is aimed at achieving the foregoing objectives and which has been designed as a total package of short-term and long-term compensation with fixed and variable compensation components. The Mosaic compensation program has application to all of the Named Executive Officers and senior employees within Mosaic at the corporate level.

Elements of Compensation

The overall compensation design and strategy for Mosaic's current compensation program was implemented during the 2016 fiscal year. The compensation program is comprised primarily of a fixed component, in the form of an annual salary, and components that are variable or "at risk" in nature, being the award of cash bonuses and long term incentive awards as granted under Mosaic's variable incentive compensation program (the "**Incentive Plan**"), both of which are tied to personal and corporate performance.

Annual Salary

Mosaic provides a base salary so that the Named Executive Officers have regular, reliable income. The Mosaic Board believes that market competitive base salaries are important in attracting and retaining talented executives.

In setting the base salary of each Named Executive Officer, the Mosaic Board considers the responsibilities, performance and experience of the Named Executive Officer; historical compensation and contractual commitments; the recommendations of the Chief Executive Officer related to each Named Executive Officer's base salary; and such other factors as the Mosaic Board considers relevant. In considering base salary levels, the Mosaic Board does not utilize any formal or specific weighting of the above factors. The base salaries are reviewed annually.

Incentive Compensation

Under its Incentive Plan, Mosaic utilizes both short and long-term incentives which are designed to reward Named Executive Officers for working to maximize both the immediate and long-term value of the securities of Mosaic and, therefore, align the interests of management with those of the Shareholders.

The Incentive Plan consists of short-term incentive awards taking the form of cash bonuses and long-term incentives taking the form of RSUs and Common Share Options issued under the Securities-Based Compensation Plan. See "*Matters to be Acted on at the Meeting – Approval of Amended & Restated Securities-Based Compensation Plan*" for a description of that Plan.

Short Term Incentive Awards

Under the Incentive Plan, employees with greater accountability within Mosaic have a greater percentage of their total compensation tied to their personal performance, and the performance of the company ("**Variable Compensation**"). The Variable Compensation component of Named Executive Officer total compensation generally ranges from 80% of base salary to 100% of base salary. The ultimate dollar value of Variable Compensation that an Named Executive Officer actually earns in a year is generally determined by two factors: (i) personal performance, and (ii) corporate performance, although the Mosaic Board also has the ability to exercise their discretion to award a Variable Compensation amount different from what the Incentive Plan might otherwise dictate. Although the proportion to which Named Executive Officers' Variable Compensation is linked, or put at risk, based upon personal performance ("**Personal Performance Portion**") versus corporate performance ("**Corporate Performance Portion**") can vary in the discretion of the Mosaic Board, it is generally split 50/50.

Near the start of each year each Named Executive Officer, together with either the Mosaic Board or Chief Executive Officer, as appropriate, will agree upon certain goals to be achieved by the Named Executive Officer over the year. These goals are unique to each Named Executive Officer and, accordingly, vary between Named Executive Officers (although some commonality may exist). Depending on the individual and his/her role in the organization, certain areas of focus for the year will be specified. At about the same time, corporate performance targets for Mosaic will be determined by the Mosaic Board based upon recommendations from the Chief Executive Officer. The Incentive Plan currently contemplates that the Mosaic Board will look at a number of financial and non-financial metrics in

determining corporate performance including return on capital, payout ratios, leverage ratios and growth in free cash flow per share.

In the Spring of the following year, personal performance for the previous year is assessed and a percentage ranking from 0-100% attributed to the Named Executive Officer's performance which is then used to determine the percentage of the Personal Performance Portion of the Variable Compensation which the Named Executive Officer is entitled to. This assessment typically has both subjective and objective elements to it. If performance is too low all entitlement to Variable Compensation could be lost.

Also in the Spring of the following year, corporate performance of Mosaic over the previous fiscal year is determined and a percentage ranking from 0-100% attributed to the corporate performance which is then used to determine the percentage of the Corporate Performance Portion of the Variable Compensation which the Named Executive Officer is entitled to.

Once these determinations are made, a Named Executive Officer's actual Personal Performance Portion and Mosaic's Corporate Performance Portion are added together to come up with the total earned Variable Compensation for the year in question (the "**Earned Variable Compensation**"). The Earned Variable Compensation is then paid out as a cash bonus.

As added incentive, Named Executive Officers have the option to allocate all or a portion of their Earned Variable Compensation to the purchase of additional RSUs. This allocation will be 50% matched by Mosaic. All RSUs will be priced in accordance with the rules of the exchange on which Mosaic is listed on or about the date of grant. RSUs acquired as a result of converting a Named Executive Officer's Earned Variable Compensation to RSUs will not be subject to any vesting provisions and the 50% matching component of RSUs shall vest over two years from the date of grant (50% 12 months after the date of grant; 50% 24 months thereafter).

Long-Term Incentive Awards

Long-Term Incentive Awards ("**LTIs**") are intended to promote retention and align Named Executive Officers with Shareholder interests through the use of Stock Options and RSUs as a means of providing long-term incentive compensation. A Named Executive Officer's annual LTI allocation will range from 40-50% of the Named Executive Officer's base salary.

The annual LTI allocation is equivalent to the individual's base salary multiplied by the Named Executive Officer's LTI allocation percentage. The result will be divided between the two long-term compensation vehicles: RSUs and Stock Options.

Of Mosaic's Named Executive Officers, Messrs. Gardhouse and Fowler were entitled to participate in the employee share purchase plan described under the heading "*Indebtedness of Directors and Executive Officers - The Mosaic Employee Share Purchase Plan*", below. Participation was completely voluntary. The plan was designed to encourage equity participation in Mosaic by certain senior personnel and thereby help further align management's interest with those of the Shareholders.

Benefits and Perquisites

Other components of compensation include personal benefits as determined by the Mosaic Board that are consistent with the overall compensation strategy, including health and dental benefits, parking and expense reimbursement. Mosaic does not provide any pension or retirement benefits to the Named Executive Officers. Mosaic does not believe that perquisites and benefits should represent a significant portion of the compensation package and, in 2016, such perquisites and benefits represented less than 10% of total compensation for each Named Executive Officer.

Compensation Governance

Mosaic does not presently have a compensation committee. The Mosaic Board is responsible for the review and assessment of compensation for the members of the Mosaic Board and the independent members of the Mosaic Board are responsible for the review and assessment of the compensation of the Executive Chair and the Chief Executive Officer of Mosaic. Executive compensation is reviewed and approved at meetings typically held in or around March of each year. Annual evaluations of the performance of each officer for the previous year are conducted by executive management and then the Chief Executive Officer, after review and assessment, will

recommend salary adjustments and annual incentive awards (including securities-based awards) to the Mosaic Board. One of the main goals of the Mosaic Board in assessing and approving compensation recommendations is to do its best at recognizing and rewarding individual performance as well as providing a fair and competitive industry level of compensation while taking into consideration the individual's experience and performance and the financial performance of Mosaic overall. The philosophy for Mosaic Board compensation is to provide non-executive Mosaic Board members with compensation which is at a level so as to be able to retain and attract qualified directors as well as to align the interests of directors with the interests of Shareholders.

Members of the Mosaic Board who are also officers also participate in the compensation review and assessment process at the Mosaic Board level however they may be excused from discussions and decisions with regard to their own compensation. The final approval of Mosaic Board and executive officer compensation is made by the Independent Directors.

In connection with the recommendations to the Mosaic Board concerning compensation, the services of Synergy Consulting ("**Synergy**"), an independent human resources consultant, were utilized in 2015 and 2016. Synergy was initially engaged by Mosaic in approximately December 2011 for the purpose of assisting with the design, implementation and on-going management of an overall compensation program for Mosaic. Part of this work also involved Synergy providing advice and recommendations to executive management and the Mosaic Board concerning Mosaic personnel relating to annual performance evaluations and assessments, as well as any compensation adjustments arising therefrom. In providing advice and recommendation to executive management and the Mosaic Board concerning the compensation for Mosaic personnel, Synergy would often take into consideration comparative market data for similar positions among companies of reasonably similar size and/or complexity.

In 2015 and 2016, Synergy provided services to Mosaic, as well as to some of Mosaic's subsidiaries, which were in addition to compensation services related to Mosaic's directors and executive officers. This work typically included a full range of human resource and management consulting and administrative services which supported the effective management and engagement of human capital. The Mosaic Board was not required to pre-approve any services which Synergy provided to either Mosaic or its affiliates.

Fees paid to Synergy for each of the two most recently completed financial years are set forth below, both exclusive of GST:

Fee category	2016	2015
Executive Compensation-Related Fees	\$2,377	Nil
All Other Fees ⁽¹⁾	\$9,313	\$25,648

Notes:

- (1) These fees, in general, are related to services covering a broad range of human resource and management consulting services including, but not limited to: recruitment; retention initiatives; program and policy development; performance management initiatives; management/employee coaching; strategy development; and training and development.

Discretion of the Mosaic Board with regard to Performance Objectives

Subject to the applicable rules and regulations of all regulatory authorities to which Mosaic is subject (including any stock exchange), the Mosaic Board may exercise its discretion either to award compensation absent attainment of any relevant performance objective or to reduce or increase the size of any incentive award or payout if determined to be in the best interest of Mosaic.

Recovery of Compensation

Mosaic has not developed a policy regarding the adjustment or recovery of awards, earnings, payments or payables if the performance goal or similar condition(s) on which they are based are restated or adjusted to reduce the award, earnings, payments or payables. In the event of such a restatement or adjustment, the Mosaic Board plans to develop an appropriate response in relation to such past awards, earnings, payments and payables.

Financial Instruments

Mosaic has not implemented a policy to prohibit the Named Executive Officers and directors from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as

compensation or held, directly or indirectly, by any Named Executive Officer or director. Mosaic is not aware of any purchases of such financial instruments by any Named Executive Officer or any director.

Compensation Related Risks

The Mosaic Board periodically considers risks associated with its compensation policies and practices for Named Executive Officers. As of the date of this Information Circular, Mosaic has not identified any risks arising from its compensation policies and practices that are reasonably likely to create or give rise to a material adverse effect on Mosaic. Some of the methods used to mitigate any risks as may be created by Mosaic's compensation policies and practices, which could encourage a Named Executive Officer or individuals within a principal business unit to take inappropriate risks or excessive risks, include periodic oversight and monitoring of the business through (i) regular Mosaic senior executive meetings to review operating performance, (ii) subsidiary level management meetings and board meetings which involve senior executive personnel from Mosaic, (iii) quarterly Mosaic Board updates as to operations, and (iv) requiring Mosaic Board approval for all major corporate decisions.

Summary Compensation Table

The following table discloses, for the financial years ended December 31, 2015 and 2016, the total compensation received in each of those years by each person that served as the Chief Executive Officer or Chief Financial Officer during the most recently completed financial year and the most highly compensated executive officer, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation was in excess of \$150,000 during the most recently completed financial year (the "Named Executive Officers").

Name and principal position	Year	Salary (\$)	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other comp. ⁽⁴⁾	Total comp. (\$)
					Annual incentive plans ⁽³⁾	Long-term incentive plans			
John Mackay Executive Chairman and former CEO ⁽⁵⁾	2016	\$288,000	\$29,957	\$67,469	\$216,000	Nil	Nil	--	\$601,426
	2015	\$288,000	Nil	Nil	\$122,400	Nil	Nil	--	\$410,400
Mark Gardhouse ⁽⁶⁾ Chief Executive Officer	2016	\$166,250	\$27,100	\$72,988	\$245,000	Nil	Nil	--	\$511,338
Harold Kunik President and former CFO ⁽⁷⁾	2016	\$240,000	\$24,964	\$56,224	\$192,000	Nil	Nil	--	\$513,188
	2015	\$240,000	Nil	Nil	\$102,000	Nil	Nil	--	\$342,000
Allan Fowler CFO ⁽⁸⁾	2016	\$205,000	\$49,192	\$38,419	\$98,400	Nil	Nil	--	\$391,011
	2015	\$136,667	Nil	Nil	\$69,700 ⁽⁹⁾	Nil	Nil	--	\$206,367

Notes:

- (1) The weighted average grant date fair value of the share-based awards (RSUs) granted to NEOs pursuant to the Securities Based Compensation Plan is \$1.65 for RSUs issued in 2016. The grant date fair value of RSUs issued in 2016 for compensation disclosure purposes is calculated using a Black-Scholes option pricing model with the following weighted average assumptions: (i) risk-free interest rate of 0.53%; (ii) expected life of 1.55 years; (iii) volatility of 51%; and (iv) expected dividend yield of 0.00%. This methodology is consistent with the method used to estimate the fair value of RSUs in Mosaic's financial statements. Among other rights, the RSUs carry a distribution equivalency right which entitles the holder of the RSU, in the event that Mosaic pays a dividend or otherwise pays a distribution on the security underlying the RSU, to receive a payment from Mosaic of the equivalent amount in cash or property for each RSU then held by the holder, whether vested or unvested. This amount will be paid at the same time that the dividend or distribution on the security underlying the RSU is paid. For further details concerning the RSUs please refer to the disclosure under the heading "Incentive Plan Awards – Terms of the RSUs", below.
- (2) The weighted average grant date fair value of option-based awards granted to NEOs pursuant to the Securities Based Compensation Plan is \$1.42 for Common Share Options issued in 2016. The grant date fair value of Common Shares Options issued in 2016 for compensation disclosure purposes is calculated using a Black-Scholes option pricing model with the following weighted average assumptions: (i) risk-free interest rate of 0.61%; (ii) expected life of 2.79 years; (iii) volatility of 56%; and (iv) expected dividend yield of 7.97%. This methodology is consistent with the method used to estimate the fair value of Common Shares Options in Mosaic's financial statements.
- (3) These represent annual cash bonuses earned in respect of the particular fiscal year and paid subsequent to year end.
- (4) Where the value of perquisites received by each of the Named Executive Officers, including property or other personal benefits provided to the Name Executive Officers that are not generally available to all employees, were not in the aggregate greater than 10% of the Named Executive Officers' total salary for the financial year then such amounts have not been set forth in the compensation table.
- (5) Effective July 11, 2016, John Mackay ceased acting as chief executive officer of Mosaic.
- (6) Effective July 11, 2016, Mark Gardhouse was appointed chief executive officer of Mosaic.
- (7) Effective May 4, 2015, Harold Kunik ceased acting as chief financial officer of Mosaic.
- (8) Effective May 4, 2015, Allan Fowler was appointed as chief financial officer of Mosaic.

- (9) In 2016 Mr. Fowler elected to convert 100% of his 2015 cash bonus into RSUs and pursuant to the Incentive Plan this was matched 50% by Mosaic.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth, for each of the Named Executive Officers, all option-based awards and share-based awards outstanding as at December 31, 2016.

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 ⁽²⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ⁽³⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed ⁽³⁾ (\$)
John Mackay Executive Chairman	50,350	\$4.23	June 1, 2021	\$242,687	17,021 (CS-RSUs)	\$154,040	\$592,368
					3,643 (PS-RSUs) ⁽⁵⁾	\$35,774	Nil
Mark Gardhouse ⁽⁴⁾ Chief Executive Officer	42,683	\$6.07	August 4, 2021	\$127,195	14,415 (CS-RSUs)	\$130,456	Nil
Harold Kunik President	41,958	\$4.23	June 1, 2021	\$202,238	16,819 (CS-RSUs)	\$152,212	Nil
					4,000 (PS-RSUs) ⁽⁵⁾	\$39,280	Nil
Allan Fowler CFO	28,671	\$4.23	June 1, 2021	\$138,194	17,932 (CS-RSUs)	\$162,285	\$149,126

Notes:

- (1) Options to purchase Common Shares.
- (2) Based on the difference between the exercise price and \$9.05, being the 10 day volume weighted average price (ending December 30, 2016) in respect of the Common Shares on the TSX-V.
- (3) The securities prices used for calculating the market/payout value are: (i) in respect of the CS-RSUs, \$9.05 being the 10 day volume weighted average price (ending December 30, 2016) in respect of the Common Shares on the TSX-V, and (ii) in respect of the PS-RSUs, \$9.82 being the 10 day volume weighted average price (ending December 30, 2016) in respect of the Preferred Securities on the TSX-V.
- (4) Effective July 11, 2016, Mark Gardhouse was appointed chief executive officer of Mosaic.
- (5) Pursuant to the redemption of all of the 10% preferred securities on February 10, 2017 and upon vesting of the PS-RSUs on April 1, 2017, the holders of PS-RSUs were entitled to receive a cash payment of \$10.1096 per PS-RSU.

Terms of the RSUs

The outstanding RSUs have been issued as part of the Incentive Plan of Mosaic. See "*Executive Compensation – Elements of Compensation – Incentive Compensation*", above. The terms of the RSUs are governed by the applicable provisions of the Securities-Based Compensation Plan and the terms of the award agreements issued to the grantees. See "*Matters to be Acted on at the Meeting – Approval of Amended & Restated Securities-Based Compensation Plan*", above. The material terms of a typical award agreement pertaining to the issuance of an RSU issued pursuant to the Incentive Plan are summarized as follows:

In order to exchange an RSU to acquire the underlying security (i) the RSU must have vested, and (ii) the settlement price in respect of that RSU must have been fully paid on or prior to the 30th day following the date of vesting or prior to such other date as is agreed to by the Board (the "**Expiry Date**"). Non-compliance with these criteria (the "**Vesting Criteria**") will result in the expiry and termination of the RSUs. In general, RSUs vest as follows:

- (a) One-third (1/3) on or about April 1 of the year following the year in which the RSU is initially issued (the "**First Vesting Date**"); and

- (b) One-third (1/3) on April 1 of the year following the First Vesting Date; and
- (c) The remaining one-third (1/3) on April 1 of the second year following the First Vesting Date.

In the event of the death of the holder prior to the holder ceasing to be an Eligible Person, all RSUs of such holder shall become immediately vested. Notwithstanding the foregoing, RSUs may be issued with different vesting schedules, as determined in the discretion of the Mosaic Board.

As the RSU's are being issued pursuant to the long-term incentive portion of the Corporation's Incentive Plan, for securities law purposes (including the rules of the TSX-V) the settlement price for each of those RSUs so issued shall be deemed to be equal to their RSU Fair Market Value (as defined in the Securities-Based Compensation Plan) at the time of grant and shall be deemed to have been satisfied on the vesting date for such RSUs.

Once the RSUs have vested and the settlement price has been deemed paid the holder may exercise the RSU, in whole or in part, at any time in order to acquire and become the registered holder of the security underlying the RSU. If the holder has not voluntarily exercised the RSUs on the day prior to the 5th anniversary of the date of the First Vesting Date in respect of those RSUs then any unexercised RSUs shall be automatically exercised without any act or other formality required by the holder. If Mosaic pays a dividend in respect of the Common Shares which underlie the RSU then Mosaic shall make a payment to the holder of the equivalent amount in cash or property for each RSU then held by the holder hereunder, whether vested or unvested.

Each RSU in respect of which the Vesting Criteria has not been satisfied will expire on the earlier of the following dates or happening of the following events, as the case may be:

- (a) on the Expiry Date;
- (b) in the event the holder ceases to be an "Eligible Person" under the Securities-Based Compensation Plan for any reason (other than resignation by the holder from Mosaic, the death of the holder, or the termination of the holder for just cause), on the date determined by Mosaic but not to exceed the 90th day after the date on which the holder ceases to be an Eligible Person, unless the Mosaic Board otherwise determines, and which period will be specified in the Award agreement;
- (c) in the event of the termination of the holder as a director, officer, employee or consultant of Mosaic for just cause, the date of such termination; and
- (d) in the event of the death of a holder prior to: (i) the holder ceasing to be an Eligible Person; or (ii) the date that which is the number of days specified by the Mosaic Board under (b) above; the date which is one year after the date of death of such holder.

Notwithstanding the foregoing, the Board may, subject to the terms of the Securities-Based Compensation Plan and any regulatory approval, at any time prior to expiry of an RSU extend the period of time, subject to a maximum of one year, within which the RSU may be settled and exercised by a holder who has ceased to be an Eligible Person.

Terms of the Common Share Options

The outstanding Common Share Options have been issued as part of the Incentive Plan of Mosaic. See "*Executive Compensation – Elements of Compensation – Incentive Compensation*", above. The terms of the Common Share Options are governed by the applicable provisions of the Securities-Based Compensation Plan and the terms of the award agreements issued to the grantees. See "*Matters to be Acted on at the Meeting – Approval of Amended & Restated Securities-Based Compensation Plan*", above. The material terms of a typical award agreement pertaining to the issuance of a Common Share Option issued pursuant to the Incentive Plan are summarized as follows:

In order to exchange a Common Share Option to acquire the underlying security (i) the Common Share Option must have vested, and (ii) the exercise price in respect of that Common Share Option must have been fully paid. In general, Common Share Options vest as follows:

- (a) First Tranche: one-third (1/3) of those Common Share Options shall vest on April 1 in the calendar year following the year in which the Common Share Options were initially awarded; and
- (b) Second Tranche: one-third (1/3) of those Common Share Options shall vest on April 1 in the second calendar year following the year in which the Common Share Options were initially awarded; and

- (c) Third Tranche: the remaining Common Share Options shall vest on April 1 in the third calendar year following the year in which the Common Share Options were initially awarded.

In the event of the death of the holder prior to the holder ceasing to be an Eligible Person, all Common Share Options of such holder shall become immediately vested. Notwithstanding the foregoing, Common Share Options may be issued with different vesting schedules, as determined in the discretion of the Mosaic Board.

Once the Common Share Options have vested the holder may exercise the Common Share Options at any time by duly completing, executing and delivering to the Corporation the "Notice of Exercise". Upon valid voluntary exercise of a Common Share Option the holder shall become the registered holder of the underlying Common Share.

Each Common Share Option will expire on the earlier of the following dates or happening of the following events, as the case may be:

- (a) five calendar years from the date the Common Share Options were initially awarded;
- (b) in the event the holder ceases to be an "Eligible Person" under the Securities-Based Compensation Plan for any reason (other than resignation by the holder from Mosaic, the death of the holder, or the termination of the holder for just cause), on the date determined by Mosaic but not to exceed the 90th day after the date on which the holder ceases to be an Eligible Person, unless the Mosaic Board otherwise determines, and which period will be specified in the Award agreement;
- (c) in the event of the termination of the holder as a director, officer, employee or consultant of Mosaic for just cause, the date of such termination; and
- (d) in the event of the death of a holder prior to: (i) the holder ceasing to be an Eligible Person; or (ii) the date that which is the number of days specified by the Mosaic Board under (b) above; the date which is one year after the date of death of such holder.

Notwithstanding the foregoing, the Board may, subject to the terms of the Securities-Based Compensation Plan and any regulatory approval, at any time prior to expiry of a Common Share Option extend the period of time, subject to a maximum of one year, within which the Common Share Option may be exercised by a holder who has ceased to be an Eligible Person.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth, for each Named Executive Officer, the value of option-based awards, share based awards and non-equity incentive plan compensation, which vested or were earned (as the case may be) during the year ended December 31, 2016.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
John Mackay Executive Chairman	Nil	\$147,487	Nil
Mark Gardhouse ⁽²⁾ Chief Executive Officer	Nil	Nil	Nil
Harold Kunik President	Nil	\$136,304	Nil
Allan Fowler CFO	Nil	\$149,126 ⁽³⁾	Nil

Notes:

- (1) The securities prices used for calculating the market/payout value are: (i) in respect of the CS-RSUs, \$9.05 being the 10 day volume weighted average price (ending December 30, 2016) in respect of the Common Shares on the TSX-V, and (ii) in respect of the PS-RSUs, \$9.82 being the 10 day volume weighted average price (ending December 30, 2016) in respect of the Preferred Securities on the TSX-V.
- (2) Mark Gardhouse was appointed chief executive officer effective July 11, 2016.
- (3) In 2016 Mr. Fowler elected to convert 100% of his 2015 cash bonus into RSUs and pursuant to the Incentive Plan this was matched 50% by Mosaic. RSUs acquired as a result of converting a Named Executive Officer's Earned Variable Compensation to RSUs vest immediately.

Mosaic does not have any defined benefit or defined contribution plan, deferred compensation plan or other form of retirement compensation plan for any of its Named Executive Officers.

Termination and Change of Control Benefits

Mosaic or its subsidiaries, as the case may be, are party to employment agreements (the "**Employment Agreements**") with each of the Named Executive Officers: John Mackay, Mark Gardhouse, Harold Kunik and Allan Fowler (the "**Employees**"). The Employment Agreements provide for termination for just cause or in the event of permanent disability, and terminate automatically in the event of death. Each Employment Agreement also provides for termination of the Employee upon the giving of notice and the payment of an amount equal to: (i) in the case of John Mackay, 8 months' salary; (ii) in the case of Mark Gardhouse until July 1, 2017, 4 months' salary and thereafter 8 months' salary; (iii) in the case of Harold Kunik, 8 months' salary, and (iv) in the case of Allan Fowler, 4 months' salary.

If a termination without cause had taken place as at December 31, 2016, the estimated payments owing to the Employees, in addition to payment of all accrued compensation to that date, would be approximately \$192,000 in the case of John Mackay; \$116,667 in the case of Mark Gardhouse, \$160,000 in the case of Harold Kunik; and \$68,333 in the case of Allan Fowler

DIRECTOR COMPENSATION

Director Compensation Table

The following table is a summary of the compensation paid, in respect of the most recently completed financial year, to those directors of Mosaic who were not also Named Executive Officers.

Name ⁽¹⁾		Fees Earned (\$) ⁽²⁾	Share- based Awards ⁽³⁾ (\$)	Option- based Awards ⁽⁴⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
William H. Smith	2016	\$40,000	Nil	\$23,427	Nil	Nil	Nil	\$63,427
	2015	\$25,000	\$29,451	Nil	Nil	Nil	Nil	\$54,451
Roger Giovanetto	2016	\$25,000	Nil	\$23,427	Nil	Nil	Nil	\$48,427
	2015	\$25,000	\$29,451	Nil	Nil	Nil	Nil	\$54,451
Gary Bentham ⁽⁵⁾	2016	\$31,000	Nil	\$23,427	Nil	Nil	Nil	\$54,427
	2015	\$31,800	\$29,451	Nil	Nil	Nil	Nil	\$61,251

Notes:

- (1) John Mackay, the Executive Chairman of Mosaic, and Harold Kunik, the President of Mosaic, are also directors of Mosaic. For a summary of the compensation paid by Mosaic to Mr. Mackay and Mr. Kunik, see "*Executive Compensation – Summary Compensation Table*" above.
- (2) Each of the directors of Mosaic who were not also Named Executive Officers are entitled to an annual retainer of \$25,000, which was paid in cash subsequent to year end. As Vice-Chair, Mr. Smith is entitled to an additional annual retainer of \$25,000, however in 2016 the additional amount paid was \$15,000 and in 2015 the additional amount paid was \$nil.
- (3) The amounts set forth reflect the grant date fair value of the share-based awards, as determined in accordance with International Financial Reporting Standards 2 *Share-based Payment*, which were granted to the non-executive directors in 2014 and which vested in 2015. The methodology used to calculate fair value as of the grant date is based upon a Black-Scholes-Merton model and incorporates certain assumptions, including those in respect to the risk-free interest rate, expected life, expected stock volatility and expected yield. A Black-Scholes-Merton model was determined most appropriate by Mosaic to value the share-based awards due to the optionality built into the RSUs and other aspects of the Incentive Plan. Among other rights, the CS-RSUs carry a distribution equivalency right which entitles the holder of the CS-RSU, in the event that Mosaic pays a dividend on the Common Shares, to receive a payment from Mosaic of the equivalent amount in cash or property for each CS-RSU then held by the holder, whether vested or unvested. This amount will be paid at the same time that the dividend on the Common Shares is paid.
- (4) The weighted average grant date fair value of option-based awards granted to Directors pursuant to the Securities Based Compensation Plan is \$1.34 for Common Share Options issued in 2016. The grant date fair value of Common Shares Options issued in 2016 for compensation disclosure purposes is calculated using a Black-Scholes option pricing model with the following weighted average assumptions: (i) risk-free interest rate of 0.62%; (ii) expected life of 2.83 years; (iii) volatility of 55%; and (iv) expected dividend yield of 8.35%. This methodology is consistent with the method used to estimate the fair value of Common Shares Options in Mosaic's financial statements.
- (5) Mr. Bentham was paid an additional \$6,000 during 2016 and an additional \$6,800 in 2015, in respect to his position as Chairman of the Audit Committee.

The Board is responsible for the review and assessment of compensation for the members of the Board, however the final approval of Board compensation is made by the Independent Directors. The philosophy is to provide non-executive Board members with compensation which is at a level so as to be able to retain and attract qualified directors as well as to align the interests of directors with the interests of Shareholders.

The compensation paid for the services provided by non-executive directors of Mosaic is as follows: (i) an annual retainer of \$25,000; (ii) an additional retainer of \$25,000 per annum for the Vice Chair of the Board; and (iii) reimbursement for any reasonable out-of-pocket expenses incurred in the performance of their duties. In addition, fees are also payable to non-executive directors (other than the Vice Chair) in respect to Audit Committee meeting attendance and for any extraordinary duties as may be assumed by any non-executive director from time to time as necessitated by the activities and circumstances of Mosaic's business.

In addition to cash compensation, the directors are eligible to participate in Mosaic's Securities-Based Compensation Plan.

Directors' outstanding option-based awards and share-based awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth, for each director other than those that are also Named Executive Officers, all option-based awards and share-based awards outstanding as at December 31, 2016.

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 (\$) ⁽²⁾	Number of shares or units of shares that have not vested ⁽³⁾ (#)	Market or payout value of share-based awards that have not vested ⁽³⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed ⁽³⁾ (\$)
William H. Smith	17,483	\$4.23	June 1, 2021	\$84,268	Nil	N/A	\$71,432
Roger Giovanetto	17,483	\$4.23	June 1, 2021	\$84,268	Nil	N/A	\$17,774
Gary Bentham	17,483	\$4.23	June 1, 2021	\$84,268	Nil	N/A	\$104,573

Notes:

- (1) Options to purchase Common Shares.
- (2) Based on the difference between the exercise price and \$9.05, being the 10 day volume weighted average price (ending December 30, 2016) in respect of the Common Shares on the TSX-V.
- (3) The securities price used for calculating the market/payout value of the CS-RSUs is \$9.05, being the 10 day volume weighted average price (ending December 30, 2016) in respect of the Common Shares on the TSX-V.

Value Vested or Earned During the Year

The following table sets forth, for each director other than those that are also Named Executive Officers, the value of option-based awards, share based awards and non-equity incentive plan compensation, which vested or were earned (as the case may be) during the year ended December 31, 2016.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year ⁽¹⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
William H. Smith	Nil	\$24,725	Nil
Roger Giovanetto	Nil	\$Nil	Nil
Gary Bentham	Nil	\$Nil	Nil

Notes:

- (1) The securities price used for calculating the market/payout value of the CS-RSUs is \$9.05, being the 10 day volume weighted average price (ending December 30, 2016) in respect of the Common Shares on the TSX-V.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Currently the only ongoing equity compensation plan which Mosaic operates is the 2015 Plan. The Securities-Based Compensation Plan that is being put forth to the Shareholders at the Meeting for approval is a restatement of the

2015 Plan. See "Matters to be Acted on at the Meeting – Approval of Amended & Restated Securities-Based Compensation Plan" for a detailed description of the Plan.

As of the date hereof there are Common Share Options issued and outstanding entitling the holders thereof to purchase an aggregate of 395,690 Common Shares at a weighted average exercise price of \$4.40 per share (the majority of such options expire in 2021). All outstanding Common Share Options (and associated option agreements) are governed by the terms of the 2015 Plan.

The following table sets forth information concerning Mosaic's compensation plans under which equity securities of Mosaic are authorized for issuance. The information is presented as of December 31, 2016, being Mosaic's most recently completed financial year end.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights⁽¹⁾	Weighted-average exercise price of outstanding option, warrants and rights	Number of Common Shares remaining available for future issuance under equity compensation plans⁽²⁾
Equity compensation plan approved by securityholders	407,928 (Options)	\$4.39	410,093
	300,559 (CS-RSUs)	\$4.43	
Equity compensation plan not approved by securityholders	Nil	Nil	Nil
Total	708,487		410,093

Notes:

- (1) The Options and CS-RSUs are exercisable into underlying Common Shares on a one-for-one basis.
- (2) The number of Common Shares which may be reserved for issuance from treasury at any time pursuant to Awards granted under the Mosaic Securities-Based Compensation Plan (being the only current equity compensation plan approved by securityholders) shall not exceed 10% of the issued and outstanding Common Shares on a rolling basis provided, however, that any Common Shares which are purchased in the market and held by a trustee for the purpose of settling Options or RSUs shall not be counted against the 10% threshold in determining the number of Common Shares otherwise remaining available for issuance under the Plan. As at December 31, 2016, 258,195 Common Shares were held by a trustee for the purpose of settling Options and RSUs.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The following table provides the aggregate indebtedness of all present and former directors, executive officers and employees, as applicable, of Mosaic and its subsidiaries outstanding as of the date hereof in connection with (i) the purchase of securities, and (ii) all other indebtedness, other than routine indebtedness.

Purpose	To Mosaic or its Subsidiaries	To Another Entity⁽²⁾
Security purchases	\$370,310 ⁽¹⁾	Nil
Other	Nil	Nil

Notes:

- (1) Represents indebtedness arising as a result of (i) loans made by Mosaic to employees pursuant to the Mosaic employee share purchase plan referred to below, and (ii) loans made by certain subsidiaries of Mosaic to employees of those subsidiaries to enable such employees to acquire equity in such subsidiaries (such loans being made on a matching basis in an amount equal to the funds put up by the employee in respect of such equity purchase).
- (2) Indebtedness is only disclosable if any present or former directors, executive officers or employees of Mosaic or its subsidiaries are indebted to another entity and such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Mosaic or any of its subsidiaries.

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

The following table provides certain information relating to indebtedness in respect of each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of Mosaic, each proposed nominee for election as a director of Mosaic, and each associate of any such director, executive officer or proposed nominee:

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs						
Name and principal position	Involvement of Mosaic or subsidiary	Largest amount outstanding during the year ended December 31, 2016 (\$)	Amount outstanding as at April 4, 2017 (\$)	Financially assisted securities purchases during the year ended December 31, 2016 (#)	Security for indebtedness	Amount forgiven during the year ended December 31, 2016 (\$)
<i>Securities purchase program</i>						
William H. Smith Vice Chairman and proposed director nominee	Mosaic is the lender	\$115,388	\$50,355	Nil	Refer to note 1 below	Nil
Roger Giovanetto Director and proposed director nominee	Mosaic is the lender	\$25,000	\$23,344	8,282	Refer to note 1 below	Nil
Mark Gardhouse Chief Executive Officer	Mosaic is the lender	\$25,000	\$23,440	7,799	Refer to note 1 below	Nil
Troy Pearce Chief Operating Officer	Mosaic is the lender	\$85,544	\$76,404	Nil	Refer to note 1 below	Nil
<i>Other programs</i>	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) The indebtedness set forth in this table has arisen solely by virtue of Mosaic providing a loan to each individual set forth in connection with the purchase of Common Shares by such individual in accordance with the terms of the Mosaic employee share purchase plan, further details of which are described below. The Common Shares purchased by the individual are held as collateral for their loan.

The Mosaic Employee Share Purchase Plan

Directors, officers and key employees (collectively, the "**ESPP Eligible Persons**") of Mosaic are eligible to participate in the employee share purchase plan (the "**ESPP**"). Under the ESPP, ESPP Eligible Persons who have been invited to participate in the ESPP may contribute up to such amount as is determined by Mosaic. The amount (if any) then contributed by the ESPP Eligible Person is matched by Mosaic through a loan (the "**Loan**") evidenced by a secured promissory note bearing interest at 1% per annum and repayable by the ESPP Eligible Person over a term not to exceed five years. The ESPP Eligible Person contribution together with the Loan proceeds are then provided to the trustee of the ESPP who uses such funds to purchase Common Shares through the facilities of the TSX-V. The trustee, or its agent, is responsible for determining the pricing and timing of purchases of the Common Shares. The Common Shares purchased on behalf of an ESPP Eligible Person are held as collateral for their Loan. Subject to certain exceptions, the Loan is repayable within 30 days of the termination of the ESPP Eligible Person's employment with Mosaic. If the Common Shares are sold by the ESPP Eligible Person, the proceeds of such sale are first applied to repayment of the Loan, with the balance being remitted to the ESPP Eligible Person. If any dividends or other distributions are paid on the Common Shares held under the ESPP, such dividends or distributions are used to reduce the principal amount of the Loans.

STATEMENT OF CORPORATE GOVERNANCE

A discussion of Mosaic's governance system within the context of the disclosure requirements of *National Instrument 58-101 – Disclosure of Corporate Governance Practices* ("**NI 58-101**") is attached to this Information Circular as Appendix "B".

AUDIT COMMITTEE

Mosaic is a venture issuer exempt from the requirements of Part 3 (Composition of Audit Committee) and Part 5 (Reporting Obligations) of *National Instrument 52-110 – Audit Committees* ("**NI 52-110**") and is relying on the exemption under Section 6.1 of NI 52-110 in respect of the requirements under Part 3 and Part 5 of NI 52-110.

Charter of the Audit Committee

The terms of reference of the audit committee of Mosaic (the "**Audit Committee**") is attached as Appendix "C" to this Information Circular.

Composition of the Audit Committee

The Audit Committee presently consists of Messrs. Gary Bentham, Harold Kunik and William H. Smith. Mr. Kunik, being the President of Mosaic, is considered non-independent under NI 52-110. Messrs. Bentham and Smith are "independent" within the meaning of such term for purposes of NI 52-110. The Board has determined that all current members of the Audit Committee are "financially literate" within the meaning of such term as defined in NI 52-110.

Relevant Education and Experience

Based upon consideration of the education and experience of each current member of the Audit Committee, the Board is of the view that each such person ought to reasonably be able to, among other things: (a) understand the accounting principles used by Mosaic to prepare its financial statements; (b) have the ability to assess the general application of Mosaic's accounting principles in connection with the accounting for estimates, accruals and provisions; (c) analyze and evaluate Mosaic's financial statements and the accounting issues presented in connection therewith; and (d) understand internal controls and procedures for financial reporting which would be applicable for a business such as Mosaic.

The education and experience of each current Audit Committee member in each case as is relevant to the performance of their responsibilities as an Audit Committee member, is described within each of their respective biographies set forth above under the heading "*Matters to be Acted on at the Meeting – Election of Directors – Background of Director Nominees*".

Reliance on Certain Exemptions

At no time since January 1, 2016 has Mosaic relied on the exemptions in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), subsection 6.1.1(4) (*Circumstances Affecting the Business or Operations of the Venture Issuer*), subsection 6.1.1(5) (*Events Outside Control of Member*) or subsection 6.1.1(6) (*Death, Incapacity or Resignation*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Audit Committee Oversight

At no time since January 1, 2016 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Mosaic Board.

Prior Approval Policies and Procedures

No formal pre-approval policies or procedures have been adopted. The Audit Committee reviews and pre-approves any engagement for non-audit services to be provided by the external auditors or its affiliates and considers the impact of such services on the independence of the external auditor provided, however, that if such non-audit services are *de minimis* in nature then they may merely be approved prior to completion of the annual audit. Also, the Audit Committee may delegate to one or more members of the committee the authority to grant pre-approvals for non-audited services. The decision of such member(s) regarding approval of "non-audit" services is to be reported by such member(s) to the full committee at its first scheduled meeting following such pre-approval.

External Auditor Service Fees (by category)

The following table sets forth, by category, the fees billed by Deloitte LLP, Mosaic's external auditor, during the fiscal years 2016 and 2015, both exclusive of GST:

Fee category	2016	2015
Audit fees	\$272,209	\$316,000
Audit-related fees ⁽¹⁾	\$8,548	\$5,240
Tax fees ⁽²⁾	\$234,125	\$145,113
All other fees ⁽³⁾	<u>\$391,404</u>	<u>\$140,815</u>
Total	\$906,286	\$607,168

Notes:

- (1) These fees are principally related to review of matters in connection with accounting the securities of Mosaic, including its restricted securities units, issues pertaining to the sale of assets, and matters in connection with Mosaic's quarterly financial filings and other regulatory filings requiring the inclusion therein of financial statements or the inclusion of extracted financial and other information from the financial statements.
- (2) Related to tax compliance and tax advice in connection with Mosaic's annual corporate, partnership and trust tax returns as well as in respect to tax advice in connection with certain corporate transactions and matters.
- (3) Related primarily to filing of a prospectus and quarterly reviews.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as may be disclosed elsewhere in this Information Circular, none of the directors or executive officers of Mosaic, or the proposed nominees for election to the board of directors of Mosaic or any person or company that is the direct or indirect owner of, or exercises control or direction over, more than 10% of any class or series of Mosaic's outstanding voting securities, or any associate or affiliate of any of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction since the commencement of Mosaic's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Mosaic or any of its subsidiaries.

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

Except as disclosed elsewhere in this Information Circular or as briefly described below, no director or executive officer of Mosaic or any proposed nominee for election as a director of Mosaic, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

Directors, officers, employees and consultants of Mosaic, and affiliates thereof, are entitled, in the discretion of the Mosaic Board, to receive grants of Awards under the Securities-Based Compensation Plan as an incentive in order to motivate them to develop and promote Mosaic's business and financial success. Accordingly such persons, including affiliates and associates of such persons, may be considered interested in the approval of the Securities-Based Compensation Plan and are not required to abstain from voting in respect of the approval of such Plan. The Securities-Based Compensation Plan requires approval of the Shareholders on an annual basis and, accordingly, is being put forth for approval at this meeting. See "*Matters to be Acted on at the Meeting – Approval of Amended & Restated Securities-Based Compensation Plan*".

MANAGEMENT CONTRACTS

There are no senior management functions of Mosaic or any of its subsidiaries which are to any substantial degree performed by a person other than the directors or executive officers of Mosaic or, in the case of each of Mosaic's subsidiaries, the directors and executive officers associated with each such subsidiary.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the persons named in the Form of Proxy intend to vote on any such matters in accordance with their best judgement, exercising discretionary authority with respect to amendments

or variations of matters set forth in the Notice of Meeting and any other matters which may properly come before the Meeting or at any adjournment of the Meeting.

ADDITIONAL INFORMATION

Additional information relating to Mosaic is on SEDAR at www.sedar.com. Financial information relating to Mosaic is provided in Mosaic's audited consolidated financial statements for the year ended December 31, 2016 and related management's discussion and analysis. Shareholders may contact Mosaic at 400, 2424 - 4th Street SW, Calgary, Alberta T2S 2T4, telephone (403) 218-6500 to request copies of Mosaic's financial statements and management's discussion and analysis or they may obtain such information from Mosaic's website at www.mosaiccapitalcorp.com.

APPROVAL OF CIRCULAR

The undersigned hereby certifies that the contents and the sending of this Information Circular have been approved by the Mosaic Board.

DATED at Calgary, Alberta, this 4th day of April 2017.

**BY ORDER OF THE BOARD OF DIRECTORS
OF MOSAIC CAPITAL CORPORATION**

(signed) "John Mackay"

Executive Chairman

APPENDIX "A"

GLOSSARY OF TERMS

"**2015 Plan**" means the amended and restated securities based compensation plan approved by the Mosaic Board on April 22, 2015 and adopted by the Shareholders at the annual and special meeting of Shareholders held on June 16, 2015 and re-approved by the Shareholders at the annual and special meeting of Shareholders held on June 21, 2016;

"**ABCA**" means the *Business Corporations Act* (Alberta) as amended, including the regulations made thereunder, as promulgated or amended from time to time;

"**Arrangement**" means the arrangement completed effective May 1, 2011, involving Mosaic, the Fund, FWP and their respective securityholders under Section 193 of the ABCA on the terms and subject to the conditions set out in the plan of arrangement involving Mosaic, the Fund and FWP, full particulars of which are set forth in the joint management information circular dated March 25, 2011 in respect of the special meetings of the preferred unitholders of the Fund and the shareholders of FWP, a copy of which may be found on SEDAR at www.sedar.com under Mosaic's profile;

"**Audit Committee**" has the meaning ascribed thereto under the heading "*Audit Committee – Charter of the Audit Committee*" in this Information Circular;

"**Award**" or "**Awards**" are ascribed the same meaning as the definition of "Award" in the Securities-Based Compensation Plan, which is defined therein as "any Option, Stock Appreciation Right, Restricted Stock, Restricted Securities Unit, Performance Award or Other Stock-Based Award issued or granted under the Plan or pursuant to the Arrangement";

"**Broadridge**" has the meaning ascribed thereto under the heading "*General Proxy and Meeting Matters – Non-Registered Shareholders*" in this Information Circular;

"**BTM**" has the meaning ascribed thereto under the heading "*Matters to be Acted on at the Meeting – Election of Directors – Background of Director Nominees*" in this Information Circular;

"**Common Shares**" has the meaning ascribed thereto under the heading "*General Proxy and Meeting Matters – Solicitation of Proxies*" in this Information Circular;

"**Common Share Options**" means options to purchase Common Shares issued to persons entitled to Unit Options pursuant to the Arrangement, with each Common Share Option exercisable for 0.154 of a Common Share provided that any fractional interest upon exercise shall be rounded down to the nearest whole number of Common Shares;

"**Common Share Value**" has the meaning ascribed thereto under the heading "*Matters to be Acted on at the Meeting – Approval of Amended & Restated Securities-Based Compensation Plan – Options*" in this Information Circular;

"**Corporate Performance Portion**" has the meaning ascribed thereto under the heading "*Executive Compensation – Elements of Compensation – Incentive Compensation*" in this Information Circular;

"**CS-RSU**" means a Restricted Security Unit which can be settled, on a one-for-one basis, for a Common Share;

"**Disclosure Committee**" means the disclosure committee of Mosaic, further details of which are set out in Appendix "B" in this Information Circular under the heading "*Other Board Committees*";

"**Earned Variable Compensation**" has the meaning ascribed thereto under the heading "*Executive Compensation – Elements of Compensation – Incentive Compensation*" in this Information Circular;

"**Eligible Person**" has the meaning ascribed thereto under the heading "*Matters to be Acted on at the Meeting – Approval of Amended & Restated Securities-Based Compensation Plan – Eligible Persons*" in this Information Circular;

"**Employees**" has the meaning ascribed thereto under the heading *"Executive Compensation – Termination and Change of Control Benefits"* in this Information Circular;

"**ESPP**" has the meaning ascribed thereto under the heading *"Indebtedness of Directors and Executive Officers – The Mosaic Employee Share Purchase Plan"* in this Information Circular;

"**ESPP Eligible Persons**" has the meaning ascribed thereto under the heading *"Indebtedness of Directors and Executive Officers – The Mosaic Employee Share Purchase Plan"* in this Information Circular;

"**First West**" means and refers to FWP, for any period prior to completion of the internal reorganization mentioned below, and means and refers to FWPLP and FWDLP, collectively, for any period subsequent to completion of such internal reorganization; During the last half of 2012 the business being carried on by FWP was reorganized and is now being carried on by First West Properties L.P. ("**FWPLP**") and its subsidiary First West Developments L.P. ("**FWDLP**");

"**Form of Proxy**" has the meaning ascribed thereto under the heading *"General Proxy and Meeting Matters – Appointment of Proxies"* in this Information Circular;

"**FWP**" means First West Properties Ltd., an Alberta corporation formerly a wholly-owned subsidiary of Mosaic which was voluntarily dissolved effective December 31, 2012;

"**Fund**" means Mosaic Diversified Income Fund, a trust created under the laws of the Province of Alberta;

"**Incentive Plan**" has the meaning ascribed thereto under the heading *"Executive Compensation – Elements of Compensation"* in this Information Circular;

"**Independent Directors**" means the directors of Mosaic who are independent with the meaning of section 1.4 of National Instrument 52-110;

"**Information Circular**" means this information circular provided to Shareholders in connection with the Meeting;

"**Loan**" has the meaning ascribed thereto under the heading *"Indebtedness of Directors and Executive Officers – The Mosaic Employee Share Purchase Plan"* in this Information Circular;

"**LTII**" has the meaning ascribed thereto under the heading *"Executive Compensation – Elements of Compensation – Incentive Compensation"* in this Information Circular;

"**Meeting**" has the meaning ascribed thereto under the heading *"General Proxy and Meeting Matters – Solicitation of Proxies"* in this Information Circular;

"**Mosaic**" means Mosaic Capital Corporation, a corporation incorporated under the ABCA;

"**Mosaic Board**" or "**Board**" means the board of directors of Mosaic;

"**Named Executive Officers**" has the meaning ascribed thereto under the heading *"Executive Compensation – Summary Compensation Table"* in this Information Circular;

"**NI 52-110**" has the meaning ascribed thereto under the heading *"Audit Committee"* in this Information Circular;

"**NI 58-101**" has the meaning ascribed thereto under the heading *"Statement of Corporate Governance"* in this Information Circular;

"**Non-Registered Shareholders**" has the meaning ascribed thereto under the heading *"General Proxy and Meeting Matters – Non-Registered Shareholders"* in this Information Circular;

"**Notice of Meeting**" means the notice of annual and special meeting of Shareholders with regard to the Meeting that accompanies this Information Circular;

"**Oilexco**" has the meaning ascribed thereto under the heading *"Matters to be Acted on at the Meeting – Election of Directors – Corporate Cease Trade Orders"* in this Information Circular;

"Options" has the same meaning ascribed to it as in the Securities-Based Compensation Plan;

"Participant" has the meaning ascribed thereto under the heading *"Matters to be Acted on at the Meeting – Approval of Amended & Restated Securities-Based Compensation Plan – Eligible Persons"* in this Information Circular;

"Performance Award" has the same meaning ascribed to it as in the Securities-Based Compensation Plan;

"Personal Performance Portion" has the meaning ascribed thereto under the heading *"Executive Compensation – Elements of Compensation – Incentive Compensation"* in this Information Circular;

"Preferred Securities" means the 10% unsecured subordinated perpetual preferred securities created and issued under the Preferred Securities Indenture;

"Preferred Securities Indenture" means the indenture dated April 29, 2011 between Mosaic and the Preferred Securities Trustee, as amended, supplemented or restated from time to time;

"Preferred Securities Trustee" means Computershare Trust Company of Canada (as successor in interest to Olympia Trust Company) or its successor as trustee under the Preferred Securities Indenture;

"PS-RSU" means a Restricted Security Unit which can be settled, on a one-for-one basis, for a Preferred Security;

"Restricted Stock" has the same meaning ascribed to it as in the Securities-Based Compensation Plan;

"Restricted Securities Unit" or **"RSU"** has the same meaning ascribed to it as in the Securities-Based Compensation Plan;

"RSU Fair Market Value" has the same meaning ascribed to it as in the Securities-Based Compensation Plan;

"SEC" has the meaning ascribed thereto under the heading *"Matters to be Acted on at the Meeting – Election of Directors – Penalties and Sanctions"* in this Information Circular;

"Securities-Based Compensation Plan" or the **"Plan"** means the Mosaic securities-based compensation plan initially approved by the Mosaic Board on April 4, 2017 and which will be in substantially the form attached to this Information Circular as Appendix "D" and which is a restatement of the existing 2015 Plan;

"SemBioSys" has the meaning ascribed thereto under the heading *"Matters to be Acted on at the Meeting – Election of Directors – Bankruptcies"* in this Information Circular;

"Shareholders" has the meaning ascribed thereto under the heading *"General Proxy and Meeting Matters – Solicitation of Proxies"* in this Information Circular;

"Stock Appreciation Right" has the same meaning ascribed to it as in the Securities-Based Compensation Plan;

"Termination Date" has the meaning ascribed thereto under the heading *"Matters to be Acted on at the Meeting – Approval of Amended & Restated Securities-Based Compensation Plan – Expiry"* in this Information Circular;

"TSX-V" means the TSX Venture Exchange;

"Unit Options" means options to purchase Common Shares issued to holders of common share purchase options of First West pursuant to the Arrangement, with each Unit Option having given rise to the holder thereof being issued one Common Share Option exercisable for 0.154 of a Common Share, with any fractional interest (in each case) being rounded down to the nearest whole number of securities upon exercise; and

"Variable Compensation" has the meaning ascribed thereto under the heading *"Executive Compensation – Elements of Compensation – Incentive Compensation"* in this Information Circular.

APPENDIX "B"

STATEMENT OF CORPORATE GOVERNANCE

General

Under NI 58-101, Mosaic is required to include in this Information Circular the disclosure required under Form 58-101F2 with respect to its corporate governance practices.

Board of Directors

The Mosaic Board is currently comprised of five individuals. Each of Messrs. Giovanetto, Smith and Bentham are currently "independent" within the meaning of such term for purposes of NI 58-101. All of the current directors are proposed for re-election as directors of Mosaic.

The non-independent directors, as determined in accordance with NI 58-101, are:

- John Mackay – Mr. Mackay is Executive Chairman and former Chief Executive Officer of Mosaic
- Harold Kunik – Mr. Kunik is President of Mosaic and former Chief Financial Officer of Mosaic

The Mosaic Board facilitates independent supervision of management through meetings of the Board (and in-camera discussions among non-management board members thereat) and through informal discussions among independent members of the Board and management. All members of the Board, including those who are independent, have free access to discuss any matters with Mosaic's external auditors, legal counsel and any of Mosaic's officers.

Directorships

The following directors of Mosaic, or proposed nominees for directors of Mosaic, are presently directors of other issuers that are reporting issuers (or the equivalent):

<u>Name of Director or Proposed Nominee</u>	<u>Name of Other Issuer</u>
William H. Smith, Q.C.	AXIA Netmedia Corporation Nautor Progressive Corporation ORCA Exploration Group PFB Corporation Prospex Oil and Gas plc
Roger Giovanetto	CalStar Oil & Gas Ltd. RockBridge Resources Inc.
Gary Bentham	Critical Control Energy Services Corp. CWC Energy Services Corp.

Orientation and Continuing Education

No formal program currently exists for the orientation of new directors of Mosaic, nor has Mosaic implemented a formal continuing education program for its directors. At present, new directors are provided with information outlining the nature of Mosaic's business, its corporate strategy and current issues facing Mosaic. Existing directors of Mosaic provide orientation and education to new members on an informal basis and new members are also expected to meet with management of Mosaic to discuss and improve their understanding of Mosaic's business. New directors are provided with a director's package containing, among other things, (i) all current continuous disclosure documents for Mosaic; (ii) mandates and terms of reference for the Mosaic Board and all committees; (iii) code of business conduct for Mosaic; (iv) whistleblower policy; and (v) corporate disclosure and insider trading policies.

Existing directors of Mosaic are provided with ongoing education respecting Mosaic's operations by way of management presentations. The Board orientation and continuing education process is reviewed periodically by the Mosaic Board and will be revised as necessary.

Ethical Business Conduct

The Mosaic Board has adopted a written Code of Business Conduct (the "**Code**") which is available under Mosaic's profile on SEDAR at www.sedar.com as part of Mosaic's Corporate Governance Policies and, upon request, Mosaic will promptly provide a copy of such document free of charge to Shareholders. The Code applies to Mosaic's directors, officers, employees and consultants, each of whom is expected to ensure that his or her behaviour accords with the letter and spirit of the Code. The Mosaic Board takes reasonable steps to monitor compliance with the Code by encouraging all directors, officers, employees and consultants to report violations of this Code.

Nomination of Directors

Responsibility for identifying new candidates to join the Mosaic Board and recommending nominees for election as directors currently rests with the Mosaic Board as a whole. As part of the nomination process, the directors and senior management of Mosaic are asked to suggest individuals to be considered as potential Board nominees. In making their recommendations for nomination, the Mosaic Board considers the mix of expertise and qualities required by the Board and assesses these against the specific attributes of potential candidates, such as their independence, financial acumen, skills and available time to devote to the duties of the Mosaic Board. The Board may also engage the services of a search firm to assist in the determination of potential director nominees. The Mosaic Board will review the composition and size of the Mosaic Board and tenure of directors in advance of annual meetings when directors are elected by Shareholders, as well as when individual directors indicate that their term may end or that their status may change.

Compensation

The Mosaic Board as a whole is responsible for periodically, as and when necessary, reviewing Mosaic's compensation strategy, objectives and policies and implementing such changes as may be advisable, however the Independent Directors are responsible for approving the compensation for the directors and executive officers of Mosaic.

Reference should be made to the disclosure in the Information Circular under the heading "*Executive Compensation – Compensation Governance*".

Other Board Committees

In addition to the Audit Committee, Mosaic has established a Disclosure Committee. The Mosaic Board has adopted a written Disclosure Committee Terms of Reference, which is available under Mosaic's profile on SEDAR at www.sedar.com as part of Mosaic's Corporate Governance.

Presently the appointees to the Disclosure Committee consist of three members of management (Mr. Mackay, Executive Chairman; Mr. Kunik, President; and Mr. Fowler, Chief Financial Officer and Corporate Secretary), two of whom (Mr. Mackay and Mr. Kunik) are also Board members. As outlined in the Disclosure Committee Terms of Reference, this committee is responsible to oversee Mosaic's disclosure practices and to ensure that Mosaic meets all regulatory disclosure requirements.

Assessments

No formal program currently exists for assessing the effectiveness of Mosaic's Board. However, the Board, largely through the efforts of both the Executive Chair and Vice Chair, takes steps to satisfy itself that the Board, its committees and individual directors are performing effectively by informal monitoring of attendance at, and participation in, meetings of the Board and its committees. From time to time, as determined necessary or appropriate by the Board or executive management, the Board will meet together with executive management for the purpose of discussing, and if necessary implementing changes, pertaining to matters in respect of, among other things, Board composition, function and contribution to the governance of Mosaic.

APPENDIX "C"

TERMS OF REFERENCE OF AUDIT COMMITTEE

The Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Mosaic Capital Corporation (the "**Corporation**") shall have the oversight responsibility, authority and specific duties as described below.

Composition

The Committee will be comprised of three or more directors as determined by the Board. Each Committee member shall satisfy the independence, financial literacy and experience requirements of applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules. Determinations as to whether a particular director satisfies the requirements for membership on the Committee shall be made by the full Board.

Members of the Committee shall be appointed by the Board. Each member shall serve until his successor is appointed, unless he shall resign or be removed by the Board or he shall otherwise cease to be a director of the Corporation. The Board shall fill any vacancy if the membership of the Committee is less than three directors.

The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a Chair by vote of a majority of the full Committee membership.

Communication, Expenses and Authority to Engage Advisors

The Committee shall have access to such officers and employees of the Corporation, the Corporation's external auditor and to such information respecting the Corporation, as it considers necessary or advisable in order to perform its duties and responsibilities.

The Committee provides an avenue for communication, particularly for outside directors, with the external auditor and financial and senior management and the Board. The external auditor shall have a direct line of communication to the Committee through its Chair and shall report directly to the Committee. The Committee, through its Chair, may directly contact any employee in the Corporation as it deems necessary, and any employee may bring before the Committee, on a confidential basis, any matter involving the Corporation's financial practices or transactions.

The Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and advisors. Any engagement of independent counsel or other advisors is to be at the Corporation's expense.

The Corporation shall be responsible for all expenses of the Committee that are deemed necessary or appropriate by the Committee in carrying out its duties.

Meetings and Record Keeping

Meetings of the Committee shall be conducted as follows:

1. the Committee shall meet at least four times annually at such times and at such locations as the Chair of the Committee shall determine, provided that meetings shall be scheduled so as to permit timely review of the quarterly and annual financial statements and reports. The external auditor or any two members of the Committee may also request a meeting of the Committee;
2. the Chair of the Committee shall preside as chair at each Committee meeting and lead Committee discussion on meeting agenda items;
3. the quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other;
4. if the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting;

5. every question at a Committee meeting shall be decided by a majority of the votes cast; in the event of a tie vote on any matter, such matter shall be presented to the Board for its consideration and determination;
6. the Chief Executive Officer and Chief Financial Officer shall be available to advise the Committee, shall receive notice of meetings and may attend meetings of the Committee at the invitation of the Chair of the Committee. Other management representatives may be invited to attend as necessary; and
7. minutes of each meeting will be kept.

Where minutes have not yet been prepared, the Chair shall provide the Board with oral reports on the activities of the Committee.

Responsibilities

The Committee is part of the Board. Its primary functions are to assist the Board in fulfilling its responsibilities with respect to: (i) oversight, review and approval of the financial statements and the accounting and financial reporting processes of the Corporation; (ii) oversight of the assessment of the system of internal controls that management has established; and (iii) oversight of the external audit process. In addition, the Committee shall assist the Board, as requested, in fulfilling its oversight responsibilities with respect to (i) financial policies and strategies; (ii) financial risk management practices; and (iii) transactions or circumstances which could materially affect the financial profile of the Corporation.

The Committee shall be directly responsible, in its capacity as a committee of the Board, for recommending to the Board the nomination of the external auditor and the compensation and retention of the external auditor and overseeing the work of the external auditor and the relationship of the external auditor with the Corporation (including the resolution of disagreements between management and the external auditor regarding financial reporting).

The Committee should have a clear understanding with the external auditor that it must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the external auditor is to the shareholders of the Corporation.

Specific Duties

A. Relationship with External Auditor

The Committee shall:

1. consider and make a recommendation to the Board as to the nomination or re-appointment of the external auditor;
2. consider and make a recommendation to the Board as to the compensation of the external auditor which is to be paid by the Corporation;
3. oversee the work of the external auditor in performing their audit, review or attest services and oversee the resolution of any disagreements between management of the Corporation and the external auditor;
4. as necessary, review and discuss with the external auditor all significant relationships that the external auditor and its affiliates have with the Corporation and its affiliates in order to determine the external auditor's independence;
5. as may be required by applicable securities laws, rules and guidelines, either:
 - (a) pre-approve all non-audit services to be provided by the external auditor to the Corporation (and its subsidiaries, if any), or, in the case of de minimus non-audit services, approve such non-audit services prior to the completion of the audit; or
 - (b) adopt specific policies and procedures for the engagement of the external auditor for the purposes of the provision of non-audit services; and

6. review and approve the hiring policies of the Corporation regarding partners and employees and former partners and employees of the present and former external auditor of the Corporation.

B. Financial Statements and Financial Reporting

The Committee shall:

1. review with management and the external auditor, and recommend to the Board for approval, the annual financial statements of the Corporation and related annual financial reporting, including management's discussion and analysis and earnings press releases;
2. upon completion of each audit, review with the external auditor the results of such audit. This process should include but not be limited to reviewing:
 - (a) the scope and quality of the audit work performed;
 - (b) the capability of the Corporation's financial personnel;
 - (c) the co-operation received from the Corporation's financial personnel during the audit;
 - (d) the internal resources used;
 - (e) significant transactions outside of the normal business of the Corporation; and
 - (f) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems;
3. review with management and recommend to the Board for approval, the interim financial statements of the Corporation and related interim financial reporting, including management's discussion and analysis and earnings press releases (if any);
4. review with management and recommend to the Board for approval, any financial statements of the Corporation which have not previously been approved by the Board and which are to be included in a prospectus or other public disclosure document of the Corporation;
5. review with management and recommend to the Board for approval, the Corporation's annual information form, if any;
6. consider and be satisfied that adequate policies and procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements (other than public disclosure referred to in clauses B.1 and B.3 above), and periodically assess the adequacy of such procedures; and
7. review accounting, tax, legal and financial aspects of the operations of the Corporation as the Committee considers appropriate.

C. Internal Controls

The Committee shall:

1. review with management and the external auditor, the adequacy and effectiveness of the internal control and management information systems and procedures of the Corporation (with particular attention given to accounting, financial statements and financial reporting matters) and determine whether the Corporation is in compliance with applicable legal and regulatory requirements and with the Corporation's policies;
2. read the external auditor's recommendations regarding any matters, including internal control and management information systems and procedures, and management's responses thereto; and
3. establish procedures for the receipt, retention and treatment of complaints, submissions and concerns regarding accounting, internal controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

D. Financial Risk Management

The Committee may, if requested by the Board, review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to accounting and management reporting. The Committee may, if requested by the Board, also review the financial risks arising from the Corporation's exposure to such things as interest rates, credit, the Corporation's insurance program and tax or government audits and report the results of such reviews to the Board for the purpose of assisting the Board in identifying the principal business risks associated with the business of the Corporation.

E. Review of Terms of Reference

The Committee shall review and reassess the adequacy of these mandates at such times as the Chair deems appropriate and recommend any changes arising out of same to the Board. Such review shall include the evaluation of the performance and effectiveness of the Committee.

APPENDIX “D”

SECURITIES-BASED COMPENSATION PLAN



MOSAIC CAPITAL CORPORATION

**SECURITIES-BASED
COMPENSATION PLAN**

**Amended and Restated
with effect as of
April 4, 2017**

MOSAIC CAPITAL CORPORATION
(the "Corporation")

**SECURITIES-BASED
COMPENSATION PLAN**

1.0 PURPOSE OF THE PLAN

1.1 Purpose of this Plan. The purpose of this Plan is to promote the interests and long-term success of the Corporation by:

- (a) furnishing certain directors, officers, employees or Consultants of the Corporation or its Affiliates, or other Persons as the Compensation Committee may determine, with greater incentive to further develop and promote the business and financial success of the Corporation;
- (b) furthering the alignment of interests of Persons to whom Awards may be granted with those of the shareholders of the Corporation generally through a proprietary ownership interest in the Corporation; and
- (c) assisting the Corporation in attracting, retaining and motivating its directors, officers, employees and Consultants.

The Corporation believes that these purposes may best be effected by granting Awards and affording such Persons an opportunity to acquire a proprietary interest in the Corporation.

2.0 DEFINITIONS AND INTERPRETATION

2.1 Definitions. In this Plan, unless there is something in the subject matter or context inconsistent therewith, capitalized words and terms will have the following meanings:

- (a) "**2015 Securities-Based Compensation Plan**" means this Plan, as previously amended and restated and approved by the Board of Directors on April 22, 2015 and adopted by the shareholders of the Corporation on June 16, 2015, prior to any amendment or restatement thereof as reflected in this document;
- (b) "**Affiliate**" means an affiliate as defined in the Securities Act, and does not act at arm's length with the Corporation for the purposes of the *Income Tax Act* (Canada);
- (c) "**Arrangement**" means the arrangement under Section 193 of the *Business Corporations Act* (Alberta), on the terms and subject to the conditions set out in the plan of arrangement attached to the Arrangement Agreement;
- (d) "**Arrangement Agreement**" means the arrangement agreement dated March 18, 2011 among the Corporation, Mosaic Diversified Income Fund and First West Properties Ltd.;
- (e) "**Associate**" means an associate as defined in the Securities Act;
- (f) "**Award**" means any Option, Stock Appreciation Right, Restricted Stock, Restricted Securities Unit, Performance Award or Other Stock-Based Award issued or granted under the Plan or pursuant to the Arrangement;
- (g) "**Award Agreement**" means (i) in respect of an Option, an Option Agreement; and (ii) in respect of any other Award, the written agreement, contract or other instrument or

document evidencing any Award issued or granted. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Compensation Committee;

- (h) **"Blackout Period"** means an interval of time during which the Corporation has determined that one or more Participants may not trade any securities of the Corporation because they may be in possession of undisclosed material information pertaining to the Corporation, or otherwise prohibited by law from trading any securities of the Corporation;
- (i) **"Board of Directors"** means the board of directors of the Corporation as constituted from time to time;
- (j) **"Business Day"** means a day other than a Saturday, Sunday or other day on which commercial banks in Calgary, Alberta are authorized or required by law to close;
- (k) **"Cause"** in respect of any Participant means:
 - (i) if "Cause" is defined in an employment agreement between such Participant and the Corporation, the meaning of "Cause" as provided for in such employment agreement; and
 - (ii) if Cause is not so defined, a circumstance that would entitle the Corporation to terminate the employment or services of such Participant at law without notice or compensation as a result of such termination;
- (l) **"Change in Control"** means:
 - (i) any transaction in which voting securities of the Corporation possessing more than 50% of the total combined voting power of the Corporation's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction and the composition of the Board of Directors following such transaction is such that the directors of the Corporation prior to the transaction constitute less than 50% of the number of directors comprising the Board of Directors following the transaction;
 - (ii) any acquisition, directly or indirectly, by a Person or Related Group of Persons (other than a person that is a registered dealer as described in subparagraph 2.1(nn)(iii) and other than the Corporation or a Person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation) of beneficial ownership of voting securities of the Corporation possessing more than 50% of the total combined voting power of the Corporation's outstanding securities;
 - (iii) any acquisition, directly or indirectly, by a Person or Related Group of Persons of the right to appoint a majority of the directors of the Corporation or the right or ability to otherwise directly or indirectly control the management, affairs and business of the Corporation;
 - (iv) any sale, transfer or other disposition of all or substantially all of the assets of the Corporation;
 - (v) a complete liquidation or dissolution of the Corporation; or

- (vi) any transaction or series of transactions involving the Corporation or any of its Affiliates that the Board of Directors in its discretion deems to be a Change in Control;

provided however, that a Change in Control shall not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by the Corporation or any of its Affiliates, of voting securities of the Corporation or any of its Affiliates, or any rights to acquire voting securities of the Corporation or any of its Affiliates which are convertible into voting securities;

- (m) "**Common Shares**" means the common shares in the capital of the Corporation as constituted on the Effective Date, provided that if the rights of any Participant are subsequently adjusted pursuant to Article 21.0 hereof, "**Common Shares**" thereafter means the shares or other securities or property which such Participant is entitled to purchase after giving effect to such adjustment;
- (n) "**Compensation Committee**" has the meaning ascribed thereto by Section 4.1;
- (o) "**Consultant**" means any individual consultant, company, partnership of which the individual is an employee, shareholder or partner (other than an Employee, an officer or a director of the Corporation) that is:
 - (i) engaged, to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or any of its Affiliates on a full time or part time basis, or otherwise;
 - (ii) provides the services under a written contract between the Corporation or any of its Affiliates and the individual, company, partnership or other Person;
 - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or any of its Affiliates; and
 - (iv) has a relationship with the Corporation or any of its Affiliates that enables the individual to be knowledgeable about the business and affairs of the Corporation;
- (p) "**Corporation**" means Mosaic Capital Corporation and includes any successor corporation thereto;
- (q) "**Discounted Market Price**" has the meaning ascribed thereto in Policy 1.1 – *Interpretation* of the TSX Venture Exchange;
- (r) "**Disinterested Shareholder Approval**" has the meaning ascribed thereto in Section 2.10(b) of Policy 4.4 – *Incentive Stock Options* of the TSX Venture Exchange;
- (s) "**Effective Date**" has the meaning ascribed thereto in Section 3.1;
- (t) "**Eligible Person**" means a director, officer, Employee or Consultant of the Corporation or any of its Affiliates;
- (u) "**Employee**" means:
 - (i) an individual who is considered an employee of the Corporation or its subsidiary under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);

- (ii) an individual who works full-time for the Corporation or one of its subsidiaries providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or
- (iii) an individual who works for the Corporation or one of its subsidiaries on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source;
- (v) **"Exercise Price"** means the price per Common Share at which a Participant may purchase Common Shares pursuant to an Option, provided that if such price is adjusted pursuant to Article 21.0, **"Exercise Price"** thereafter means the price per Common Share at which such Participant may purchase Common Shares pursuant to such Option after giving effect to such adjustment;
- (w) **"Expiry Date"** means the date on which an Award expires and is null and void;
- (x) **"Fair Market Value"** has that meaning set forth in Section 8.1;
- (y) **"grant"** as used herein is, generally, intended to refer to the issuance of an Award to a Participant but in certain circumstances, including those as more particularly described in Section 6.1 hereof, the reference to "grant" is intended to indicate an event separate and apart from (and subsequent to) the issuance of an Award;
- (z) **"Insider"** means:
 - (i) a director or senior officer of the Corporation;
 - (ii) a director or senior officer of a company that is an Insider or subsidiary of the Corporation;
 - (iii) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Corporation; or
 - (iv) the Corporation itself if it holds any of its own securities;
- (aa) **"Investor Relations Activities"** means any activities, by or on behalf of the Corporation or shareholder of the Corporation that promotes or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:
 - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
 - (A) to promote the sale of products or services of the Corporation, or
 - (B) to raise public awareness of the Corporation,
 that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;

- (ii) activities or communications necessary to comply with the requirements of:
 - (A) applicable securities laws, or
 - (B) Stock Exchange requirements or other by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
- (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
 - (A) the communication is only through the newspaper, magazine or publication, and
 - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (iv) activities or communications that may be otherwise specified by the Stock Exchange;
- (bb) **"Legal Representative"** has the meaning ascribed thereto by Section 8.7;
- (cc) **"Merger and Acquisition Transaction"** means:
 - (i) any merger;
 - (ii) any acquisition;
 - (iii) any amalgamation;
 - (iv) any offer for shares of the Corporation which if successful would entitle the offeror to acquire all of the voting securities of the Corporation; or
 - (v) any arrangement or other scheme of reorganization;
 that results in a Change in Control;
- (dd) **"Mosaic Unit Options"** means options to purchase Common Shares issued pursuant to the Arrangement to holders of FW Options (as that term is defined in the Arrangement Agreement) and governed by this Plan, each Mosaic Unit Option entitling the holders thereof to purchase 0.154 of a Common Share upon exercise, with any fractional interest being rounded down to the nearest whole number of Common Shares upon exercise;
- (ee) **"Option Agreement"** means an agreement evidencing an Option, entered into by and between the Corporation and an Eligible Person;
- (ff) **"Options"** means stock options granted hereunder to purchase Common Shares or stock options issued pursuant to the Arrangement to purchase Common Shares from the Corporation, each as evidenced by an Option Agreement and **"Option"** means any one of them;
- (gg) **"Other Stock-Based Award"** means any right granted under Article 13.0;
- (hh) **"Outstanding Common Shares"** at the time of any issuance of Common Shares or grant of Awards entitling the holder thereof to Common Shares upon vesting, settlement or

exercise means the number of Common Shares that are outstanding immediately prior to the share issuance or grant of Awards in question, on a non-diluted basis, or such other number as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange;

- (ii) **"Participant"** means an Eligible Person to whom an Award has been granted;
- (jj) **"Performance Award"** means any right granted under Article 12.0;
- (kk) **"Permitted Assign"** means:
 - (i) a trustee, custodian or administrator acting on behalf of, or for the benefit of, a Participant;
 - (ii) a holding entity of a Participant;
 - (iii) a Registered Retirement Savings Plan ("**RRSP**"), Registered Retirement Income Fund ("**RRIF**") or Tax Free Savings Account ("**TFSA**") of a Participant;
 - (iv) a spouse of a Participant;
 - (v) a trustee, custodian or administrator acting on behalf of, or for the benefit of, the spouse of a Participant;
 - (vi) a holding entity of the spouse of a Participant; or
 - (vii) an RRSP, RRIF or a TFSA of the spouse of a Participant;
- (ll) **"Person"** means and includes any individual, corporation, limited partnership, general partnership, joint stock company, limited liability corporation, joint venture, association, company, trust, bank, trust company, pension fund, business trust or other organization, whether or not a legal entity;
- (mm) **"Plan"** means this securities-based compensation plan originally approved by the Board of Directors as of March 18, 2011 as amended and restated May 24, 2012, May 13, 2013, April 23, 2014 and April 22, 2015 and as further amended and restated as set forth herein, as the same may be further amended, restated or modified from time to time;
- (nn) **"Related Group of Persons"** means:
 - (i) Persons and any one or more of their respective Associates and Affiliates; and
 - (ii) any two or more Persons who have an agreement, commitment or understanding, whether formal or informal, with respect to:
 - (A) the acquisition of or the intention to acquire, directly or indirectly, beneficial ownership of, or control and direction over, Voting Shares; or
 - (B) the exercise of voting rights attached to the securities of the Corporation beneficially owned by such Persons, or over which such Persons have control and direction, on matters regarding the appointment of directors or control of the management, affairs and business of the Corporation; and
 - (iii) despite the above subparagraph 2.1(nn)(ii)(A), a registered dealer acting solely in an agency capacity for a person or Related Group of Persons in connection with

the acquisition of beneficial ownership of, or control and direction over, securities of the Corporation, and not executing principal transactions for its own account or performing services beyond customary dealer's functions, shall not be deemed solely by reason of such agency relationship to be a related person for the purposes of the definition of Related Group of Persons;

- (oo) **"Restricted Stock"** means any Restricted Stock granted as Common Shares under Article 10.0;
- (pp) **"Restricted Securities Unit"** or **"RSU"** means any Restricted Securities Unit granted under Article 11.0 with regard to Common Shares;
- (qq) **"RSU Fair Market Value"** has the meaning ascribed thereto by Section 11.3;
- (rr) **"Securities Act"** means the *Securities Act* (Alberta);
- (ss) **"Stock Appreciation Right"** means any right granted under Article 9.0;
- (tt) **"Stock Exchange"** means such stock exchange or other organized market on which the Common Shares are principally listed or posted for trading from time to time;
- (uu) **"Trading Day"** means a day when trading occurs through the facilities of the Stock Exchange; and
- (vv) **"Voting Shares"** means a security of the Corporation that:
 - (i) is not a debt security; and
 - (ii) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

2.2 Interpretation. In this Plan, except as otherwise expressly provided:

- (a) "this Plan" means this agreement, as amended and in effect from time to time;
- (b) any reference in this Plan to a designated "Article", "Section" or other subdivision is a reference to the designated Article, Section or other subdivision of this Plan;
- (c) the recitals hereto are incorporated into and form part of this Plan;
- (d) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Plan as a whole and not to any particular Article, Section or other subdivision of this Plan;
- (e) the headings are for convenience only and do not form a part of this Plan and are not intended to interpret, define or limit the scope, extent or intent of this Plan;
- (f) words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include any other gender, the word "or" is not exclusive and the word "including" is not limiting whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto;
- (g) unless otherwise provided, all amounts are stated and are to be paid in Canadian dollars;

- (h) where the time for doing an act falls or expires on a day which is not a Business Day, the time for doing such act is extended to the next Business Day; and
- (i) unless otherwise stated, any reference to a statute includes and is a reference to such statute and to the regulations made pursuant to it, with all amendments thereto and in force from time to time, and to any statute or regulations that may be passed which supplement or supersede such statute or such regulations.

2.3 Amendment and Restatement. This Plan reflects the amendment and restatement of the 2015 Securities-Based Compensation Plan and this Plan shall be fully effective from and after the date approved by the shareholders and may thereafter be referred to as either the "Securities-Based Compensation Plan" or the "Amended and Restated Securities-Based Compensation Plan".

3.0 EFFECTIVE DATE OF PLAN

3.1 Effective Date of this Plan. The effective date (the "**Effective Date**") of this Plan is April 4, 2017, the date on which this Plan was approved by the Board of Directors subject to shareholders' approval.

3.2 Discontinuance of Plan. The Compensation Committee may discontinue the Plan at any time; provided that the discontinuance of the Plan will not affect Awards granted prior to such discontinuance as these will expire or terminate in accordance with the terms of the Plan and the Award Agreements relating to same.

4.0 ADMINISTRATION OF PLAN

4.1 Administration of Plan. The Board of Directors may at any time appoint a committee of the Board of Directors (the "**Compensation Committee**") to, among other things, interpret, administer and implement this Plan on behalf of the Board of Directors in accordance with such terms and conditions as the Board of Directors may prescribe, consistent with this Plan (provided that if at any such time such a committee has not been appointed by the Board of Directors, this Plan will be administered by the Board of Directors, and in such event references herein to the Compensation Committee shall be construed to be a reference to the Board of Directors). The Board of Directors will take such steps that in its opinion are required to ensure that the Compensation Committee has the necessary authority to fulfil its functions under this Plan.

4.2 Powers of Compensation Committee. The Compensation Committee is authorized, subject to the provisions of this Plan, to establish from time to time such rules and regulations, make such determinations and to take such steps in connection with this Plan as in the opinion of the Compensation Committee are necessary or desirable for the proper administration of this Plan. For greater certainty, without limiting the generality of the foregoing, the Compensation Committee will have the power, where consistent with the general purpose and intent of this Plan and subject to the specific provisions of this Plan and any approvals or requirements of any regulatory authorities to which the Corporation is subject, including the Stock Exchange:

- (a) to delegate such duties and powers as the Compensation Committee may see fit with respect to this Plan (including, for greater certainty, the powers set out in subparagraphs 4.2(c) through (m) below, pursuant to guidelines approved by the Compensation Committee, and in such event and in respect of those powers so delegated, references herein to the Compensation Committee shall be construed to be a reference to those Persons to whom such powers have been so delegated);
- (b) to interpret and construe this Plan and any Award Agreement and to determine all questions arising out of this Plan and any Award Agreement, and any such interpretation,

construction or determination made by the Compensation Committee will be final, binding and conclusive for all purposes;

- (c) to determine Persons who are Eligible Persons;
- (d) to grant Awards to Eligible Persons;
- (e) to determine the type or types of Awards to be granted to each Eligible Person;
- (f) to determine the time or times when Awards will be granted;
- (g) to determine the value of the underlying security and the terms and conditions (including vesting and manner of exercise or settlement) with regard to Awards that are not Options;
- (h) to determine the number of Common Shares covered by each Award (or the then method by which payments or other rights are to be determined in connection with);
- (i) to determine whether, to what extent and under what circumstances Awards may be exercised or settled (as the case may be) in cash, Common Shares, other securities, other Awards or other property, or cancelled, forfeited or suspended;
- (j) to enter into an Award Agreement evidencing each Award which will incorporate such terms as the Compensation Committee in its discretion deems consistent with this Plan;
- (k) to prescribe the form of the instruments relating to the grant, exercise, settlement and other terms and conditions of an Award;
- (l) to determine the exercise price for each Option, subject to Section 8.1;
- (m) to determine the time or times when Awards will vest and be able to be exercised or settled and to determine when it is appropriate to accelerate, or extend, the time at which Awards otherwise subject to vesting may be exercised or settled;
- (n) to determine if the Common Shares that are subject to an Award will be subject to any restrictions or repurchase rights upon the exercise or settlement of such Award including, where applicable, the endorsement of a legend on any certificate representing Common Shares acquired on the exercise or settlement of any Award to the effect that such Common Shares may not be offered, sold or delivered except in compliance with the applicable securities laws and regulations of Canada, the United States or any other applicable country and if any rights or restrictions exist they will be described in the applicable Award Agreement;
- (o) to determine the expiration date for each Option, subject to Article 8.0;
- (p) to take such steps and require such documentation from each Eligible Person which in its opinion are necessary or desirable to ensure compliance with the rules and regulations of the Stock Exchange and all applicable laws;
- (q) to adopt such modifications, procedures and subplans as may be necessary or desirable to comply with the provisions of the laws of Canada, the United States and other countries in which the Corporation or its Affiliates may operate to ensure the viability and maximization of the benefits from the Awards granted to Participants residing in such countries and to meet the objectives of this Plan; and
- (r) to do all such other matters as provided for herein.

Unless otherwise expressly provided in this Plan, all designations, determinations, interpretations and other decisions under or with respect to this Plan or any Award shall be within the sole discretion of the Compensation Committee, may be made at any time and shall be final, conclusive and binding upon any Eligible Person and any holder or beneficiary of any Award.

5.0 SECURITIES AVAILABLE FOR AWARDS

5.1 Common Shares Available.

- (a) Unless otherwise approved by the Stock Exchange, and subject to adjustment as provided in Article 21.0 and in compliance with the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, the maximum number of Common Shares which may be reserved for issuance from treasury at any time, pursuant to Awards granted under the Plan shall not exceed 10% of the then issued and Outstanding Common Shares on a rolling basis, including Common Shares issuable pursuant to the Mosaic Unit Options. Common Shares available under the Plan may be used for Options or any other Awards.
- (b) For greater certainty, the Corporation must obtain Disinterested Shareholder Approval if the maximum number of Common Shares reserved for issuance at any time, pursuant to Options and other Awards granted under this Plan or any other compensation plans or grants could result at any time in:
 - (i) the number of Common Shares reserved for issuance under Awards granted to Insiders exceeding 10% of the issued and Outstanding Common Shares;
 - (ii) the number of Common Shares reserved for issuance under Awards granted to Insiders, within a 12 month period, exceeding 10% of the issued and Outstanding Common Shares; or
 - (iii) the number of Common Shares reserved for issuance under Awards granted to any one Participant, within a 12 month period, exceeding 5% of the issued and Outstanding Common Shares.

5.2 Accounting for Awards. For purposes of Section 5.1 and subject to Section 5.3, if an Award entitles the holder thereof to receive or purchase Common Shares, the number of Common Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Common Shares available for granting Awards under the Plan as follows:

- (a) every Common Share subject to an Option shall be counted as one Common Share for every Common Share subject to such Option; and
- (b) every Common Share subject to an Award, other than an Option, shall be counted either as a whole Common Share or such greater or lesser fraction thereof as is determined in the discretion of the Compensation Committee having due regard to such matters and considerations as it determines relevant, including any applicable rules or policies of the Stock Exchange.

Notwithstanding the above, the number of Common Shares reserved for issuance at any time under this Plan shall not include any Common Shares which are purchased in the market and held by a trustee for the purpose of settling Options or other Awards when exercised pursuant to Sections 8.9 or 11.11.

5.3 Other Accounting for Awards. If an outstanding Award for any reason expires or is terminated or cancelled, in whole or in part, without having been exercised or settled in full, or if Common Shares acquired pursuant to an Award subject to forfeiture or repurchase are forfeited or repurchased by the Corporation for an amount not greater than the Participant's purchase price, the Common Shares shall again be available for issuance under the Plan. Common Shares shall not be deemed to have been issued pursuant to the Plan with respect to any portion of an Award that is settled in cash.

5.4 No Fractional Shares. No fractional Common Shares may be purchased or issued under this Plan.

6.0 GRANT OF AWARDS

Subject to the rules set out below, the Compensation Committee (or in the case of any proposed Participant who is a member of the Compensation Committee, the Board of Directors) may from time to time issue or grant to any Eligible Person one or more Awards as the Compensation Committee deems appropriate. A Participant, who holds any Award at the time of issuance or granting of another Award, may hold more than one type of Award.

6.1 Date Award Granted. The date on which an Award will be deemed to have been granted under this Plan will be the date on which the Compensation Committee authorizes the grant of such Award to a Participant or, other than in the case of Awards of Options, such other future date as may be specified by the Compensation Committee at the time of such authorization. In certain cases (such as with respect to Restricted Securities Units) it may be that Awards are issued to a Participant in circumstances where such Awards are subject to one or more conditions subsequent or other criteria which must be satisfied or determined before the actual number of Awards remaining available for vesting, settlement or exercise to the benefit of such Participant can be determined. In those circumstances the language in the Award Agreement or other related documentation may refer to the issuance of Awards, which is intended to denote the date that Awards are issued to the Participant, as distinct from the grant of Awards, which is intended to denote the date that the actual number of Awards remaining available for vesting, settlement or exercise to the benefit of such Participant can be determined and communicated to the Participant.

6.2 Number of Securities/Maximum Grant.

- (a) Subject to complying with all requirements of the Stock Exchange including subparagraphs 6.2(b) and (c), the number of Common Shares that may be purchased under any Award or the amount of any Award that shall be granted in any form that may result in the issuance of Common Shares will be determined and fixed by the Compensation Committee at the date of grant.
- (b) The number of Common Shares that may be granted to Consultants in any 12 month period must not exceed 2% of the issued and Outstanding Common Shares, calculated at the date the Award was granted.
- (c) The number of Common Shares that may be granted to Persons performing Investor Relations Activities in any 12 month period must not exceed 2% of the issued and Outstanding Common Shares, calculated at the date the Award was granted.

6.3 Award Agreements. Each Award will be evidenced by an Award Agreement which incorporates such terms and conditions as the Compensation Committee in its discretion deems appropriate and consistent with the provisions of this Plan (and the execution and delivery by the Corporation of an Award Agreement with a Participant shall be conclusive evidence that such Award Agreement incorporates terms and conditions determined by the Compensation Committee and is consistent with the provisions of this Plan). An Award Agreement need not be executed by the Participant to whom the Award is granted but shall be executed on behalf of the Corporation by any

member of the Compensation Committee or any officer of the Corporation or such other Person as the Compensation Committee may designate for such purpose; and an Award Agreement so executed shall be fully binding and enforceable.

7.0 ELIGIBILITY

Any Eligible Person shall be eligible to be designated a Participant. In determining which Eligible Person shall receive an Award and the terms of any Award, the Compensation Committee may take into account the nature of the services rendered by the respective Eligible Person, their present and potential contributions to the success of the Corporation or such other factors as the Compensation Committee, in its discretion, deems relevant.

8.0 OPTIONS

8.1 Exercise Price. The exercise price per Common Share under each Option shall be equal to the Fair Market Value of a Common Share as at the date of grant of the Option. For purposes hereof "**Fair Market Value**" shall be such value as is determined by the Compensation Committee, in its sole discretion, provided that such price may not be less than the lowest price permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, such price being as of the date hereof the Discounted Market Price. Subject to the foregoing, the Fair Market Value of any Common Share will be, unless otherwise determined by the Compensation Committee in its discretion, the weighted average price at which the Common Shares have traded on the Stock Exchange during the period of ten most recent Trading Days ending on the Trading Day immediately prior to the date of the grant of Option; where "weighted average price" means, for any period, the amount obtained by dividing the aggregate sale price of all of the Common Shares traded on the Stock Exchange during such period by the total number of Common Shares so traded.

8.2 Term of Options. Subject to Sections 8.3 and 8.4 and to the requirements of the Stock Exchange, each Option will expire on the earlier of:

- (a) the date determined by the Compensation Committee and specified in the Option Agreement pursuant to which such Option is granted, provided that such date may not be later than the earlier of: (i) the date which is the tenth anniversary of the date on which such Option is granted, and (ii) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange;
- (b) in the event the Participant ceases to be an Eligible Person for any reason, other than the death of the Participant or the termination of the Participant for Cause, such period of time after the date on which the Participant ceases to be an Eligible Person as may be specified by the Compensation Committee, which date shall not exceed three months following the termination of the Participant's employment with the Corporation or in the case of Options granted to a director or Consultant, three months following the Participant ceasing to be a director or a Consultant, unless the Compensation Committee otherwise determines, and which period will be specified in the Award Agreement with the Participant with respect to such Option;
- (c) in the event of the termination of the Participant as a director, officer, employee or Consultant of the Corporation or an Affiliate for Cause, the date of such termination; and
- (d) in the event of the death of a Participant prior to: (A) the Participant ceasing to be an Eligible Person; or (B) the date which is the number of days specified by the Compensation Committee pursuant to subparagraph (b) above from the date on which the Participant ceased to be an Eligible Person; the date which is one year after the date of

death of such Participant or such other earlier date as may be specified by the Compensation Committee and which period will be specified in the Award Agreement with the Participant with respect to such Option.

Notwithstanding the foregoing provisions of subparagraphs (b), (c) and (d) of this Section 8.2, the Compensation Committee may, subject to Article 20.0 and any regulatory approval, at any time prior to expiry of an Option extend the period of time, subject to a maximum of one year, within which an Option may be exercised by a Participant who has ceased to be an Eligible Person, but such an extension shall not be granted beyond the original expiry date of the Option as provided for in subparagraph (a) above.

8.3 Blackout Extension. Where the Expiry Date for an Option occurs during or on or before the fifth Trading Day following the end of a Blackout Period, the Expiry Date for such Option shall be extended to the date which is the tenth Trading Day following the end of the Blackout Period.

8.4 Exercise of Options and Other Restrictions. Subject to the terms and conditions of this Plan, the Compensation Committee may impose such limitations or conditions on the exercise or vesting of any Option as the Compensation Committee in its discretion deems appropriate, including limiting the number of Common Shares for which any Option may be exercised during any period as may be specified by the Compensation Committee so long as the requirements of the Stock Exchange in regards to exercise or vesting are met. The number of Common Shares for which such Option may be exercised in any period will be specified in the Option Agreement with respect to such Option.

8.5 Ceasing to Vest. Except as determined from time to time by the Compensation Committee, all Options will cease to vest as at the date upon which the Participant ceases to be an Eligible Person (which, in the case of an employee or Consultant of the Corporation or its Affiliates, shall be the date on which employment or engagement, as applicable, with the Corporation or its Affiliates terminates, specifically without regard to any period of reasonable notice or any salary continuance).

8.6 Vesting Requirements for Consultants Performing Investor Relations Activities. Options issued to Consultants performing Investor Relations Activities must vest in stages over at least 12 months with no more than 1/4 of the Options vesting in any three month period.

8.7 Exercise of Options. Each Option Agreement will provide that the Option granted thereunder may be exercised only by notice delivered to the Corporation and signed by the Participant, or the legal representative or committee or attorney, as the case may be (the "**Legal Representative**"), of the Participant, and accompanied by full payment for the Common Shares being purchased. Such consideration may be paid in any combination of the following: bank draft, certified cheque or wire transfer. As soon as reasonably practicable after any exercise of an Option, the Corporation will cause either a certificate or certificates representing the Common Shares in respect of which such Option is exercised, or a non-transferable written acknowledgement of the Participant's right to obtain a certificate in respect of same to be delivered to the Participant or the Legal Representative of the Participant.

8.8 Hold Periods. Options and any Common Shares issued on the exercise of the Options may be subject to resale restrictions under securities laws and, where appropriate, will be legended with applicable resale restrictions, for a period commencing on the date the Options were granted.

8.9 Non-Dilutive Purchases. The Corporation may satisfy any Common Shares to be delivered to a Participant upon the exercise of applicable Options by either issuing Common Shares from treasury or establishing a trust arrangement with a trustee who will, in its discretion and subject to the terms established with such trustee, carry out purchases of Common Shares.

9.0 STOCK APPRECIATION RIGHTS

The Compensation Committee is hereby authorized, subject to the terms and conditions of the Plan and the requirements of the Stock Exchange, to grant "**Stock Appreciation Rights**" to an Eligible

Person with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Compensation Committee shall determine.

9.1 Exercise of Stock Appreciation Rights. Each Stock Appreciation Right granted under the Plan shall confer on the holder upon exercise of the Stock Appreciation Right the right to receive, as determined by the Compensation Committee, cash or a number of Common Shares equal to the excess of: (i) the Fair Market Value of one Common Share on the date of exercise (or, if the Compensation Committee shall so determine, at any time during a specified period before or after the date of exercise), and (ii) the grant price of the Stock Appreciation Right as determined by the Compensation Committee, which grant price shall not be less than the Fair Market Value of one Common Share on the date of grant of the Stock Appreciation Right. Subject to the terms of the Plan and the policies of the Stock Exchange, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions (including conditions or restrictions on the exercise thereof) of any Stock Appreciation Right shall be as determined by the Compensation Committee.

9.2 Term of Stock Appreciation Rights. Subject to Section 9.3, each Stock Appreciation Right will have an Expiry Date on the earlier of:

- (a) the date determined by the Compensation Committee and specified in the Award Agreement pursuant to which such Stock Appreciation Right is granted, provided that such date may not be later than the earlier of: (i) the date which is the tenth anniversary of the date on which such Stock Appreciation Right is granted, and (ii) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange;
- (b) in the event the Participant ceases to be an Eligible Person for any reason, other than the death of the Participant or the termination of the Participant for Cause, such period of time after the date on which the Participant ceases to be an Eligible Person as may be specified by the Compensation Committee, which date shall not exceed three months following the termination of the Participant's employment with the Corporation or in the case of Stock Appreciation Rights granted to a director or Consultant, three months following the Participant ceasing to be a director or a Consultant, unless the Compensation Committee otherwise determines, and which period will be specified in the Award Agreement with the Participant with respect to such Stock Appreciation Right;
- (c) in the event of the termination of the Participant as a director, officer, employee or Consultant of the Corporation or an Affiliate for Cause, the date of such termination; and
- (d) in the event of the death of a Participant prior to: (A) the Participant ceasing to be an Eligible Person; or (B) the date which is the number of days specified by the Compensation Committee pursuant to subparagraph (b) above from the date on which the Participant ceased to be an Eligible Person; the date which is one year after the date of death of such Participant or such other earlier date as may be specified by the Compensation Committee and which period will be specified in the Award Agreement with the Participant with respect to such Stock Appreciation Right.

Notwithstanding the foregoing provisions of subparagraphs (b), (c) and (d) of this Section 9.2, the Compensation Committee may, subject to Article 20.0 and any required regulatory approval, at any time prior to expiry of a Stock Appreciation Right extend the period of time, subject to a maximum of one year, within which a Stock Appreciation Right may be exercised by a Participant who has ceased to be an Eligible Person, but such an extension shall not be granted beyond the original expiry date of the Stock Appreciation Right as provided for in subparagraph (a) above.

9.3 Blackout Extension. Where the Expiry Date for a Stock Appreciation Right occurs during or on or before the fifth Trading Day following the end of a Blackout Period, the Expiry Date for such Stock Appreciation Right shall be extended to the date which is the tenth Trading Day following the end of the Blackout Period.

10.0 RESTRICTED STOCK

The Compensation Committee is hereby authorized, subject to the terms and conditions of the Plan and the requirements of the Stock Exchange, to grant "**Restricted Stock**", in the form of Common Shares, to an Eligible Person with the following terms and conditions and with such additional terms and conditions not inconsistent with the provision of the Plan as the Compensation Committee shall determine.

10.1 Restriction. Common Shares of Restricted Stock shall be subject to such restrictions as the Compensation Committee may impose and which complies with the requirements of the Stock Exchange (including, without limitation, any restriction on or prohibition against the right to receive any dividend or other right or property with respect thereto), which restrictions lapse separately or in combination at such time or times, in such instalments or otherwise as the Compensation Committee may deem appropriate.

10.2 Stock Certificates. Any Restricted Stock granted under the Plan shall be evidenced by the issuance of a certificate or certificates representing the security or a non-transferable written acknowledgement of the Participant's right to obtain such certificate(s), which shall be held by the Corporation. Such certificate, certificates or written acknowledgement shall be registered in the name of the Participant and shall bear an appropriate legend referring to the applicable Award Agreement and possible forfeiture of such securities of Restricted Stock. Subject to any restrictions imposed by the Stock Exchange, holders of Restricted Stock shall have all rights of a shareholder of record with respect to such Common Shares (including the right to vote and receive dividends) upon the issuance of the certificate, certificates or written acknowledgment for the Common Shares of Restricted Stock. The Common Shares of Restricted Stock shall vest in the holder thereof when all vesting restrictions and vesting contingencies lapse, including the lapse of any rights of forfeiture. Until such time, the Compensation Committee may require that such Common Shares be held by the Corporation together with a stock power duly endorsed in blank by the holder.

10.3 Forfeiture. Except as otherwise determined by the Compensation Committee, upon a Participant ceasing to be an Eligible Person (as determined under criteria established by the Compensation Committee) during the applicable restriction period, all applicable Common Shares of Restricted Stock at such time subject to restriction shall be forfeited and reacquired by the Corporation; *provided, however*, that the Compensation Committee may, when it finds that a waiver would be in the best interest of the Corporation, waive in whole or in part any or all remaining restrictions with respect to Common Shares of Restricted Stock.

11.0 RESTRICTED SECURITIES UNITS

The Compensation Committee is hereby authorized, subject to the terms and conditions of the Plan and the requirements of the Stock Exchange, to grant "**Restricted Securities Units**", in the form of Common Shares, to Eligible Persons, with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Compensation Committee shall determine.

11.1 Restricted Securities Unit Awards. A Restricted Securities Unit granted under the Plan shall confer on the holder the right to receive a Common Share (or cash payment equal to the fair market value of such Common Share) at some future date, subject to an Award Agreement containing such terms and conditions, not inconsistent with the provisions of the Plan, as the Compensation Committee shall determine.

11.2 Evidence of Awards and Distribution Equivalency Rights. The Award Agreement shall evidence the right of a Participant to receive the underlying security upon vesting of the Restricted Securities Unit and payment of the settlement price (if any), as well as the right to receive (commencing from such date as is specified by the Compensation Committee in the Award Agreement) a payment in cash or property equal to any dividend or other distribution paid on the underlying security. Any amount so paid does not have to be repaid by the Participant if the Restricted Securities Unit is terminated or cancelled.

11.3 Number and Value of Restricted Securities Units. Subject to compliance with other applicable terms of this Plan, the Compensation Committee may, from time to time in its discretion, grant Awards of Restricted Securities Units. Further, the Compensation Committee may also, in its discretion, grant an Award of Restricted Securities Units to a Participant in circumstances where such Award is subject to one or more conditions subsequent or other criteria which must be satisfied before the actual number of Awards remaining available for vesting or settlement to the benefit of such Participant can be determined. The value of a Restricted Securities Unit at the date of grant shall be the RSU Fair Market Value. The RSU Fair Market Value shall also, unless otherwise determined by the Compensation Committee, be utilized as the settlement price (if any) ascribed to the Restricted Securities Unit under the terms of the Award Agreement.

For purposes of this Article 11.0, the "**RSU Fair Market Value**" will be equal to the price of the Common Share underlying the Restricted Securities Unit as such price is determined by the Compensation Committee, in its sole discretion, provided that such price may not be less than the lowest price permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange. Subject to the foregoing, the RSU Fair Market Value will be, unless otherwise determined by the Compensation Committee in its discretion, the weighted average price at which the Common Shares have traded on the Stock Exchange during the period of the ten most recent Trading Days ending on the Trading Day immediately prior to the date of the grant of the Restricted Securities Unit, where "weighted average price" means, for any period, the amount obtained by dividing the aggregate sale price of all of the Common Shares traded on the Stock Exchange during such period by the total number of Common Shares so traded.

11.4 Term of Restricted Securities Units. Subject to Section 11.5, each Restricted Securities Unit will have an Expiry Date on the earlier of:

- (a) the date determined by the Compensation Committee and specified in the Award Agreement pursuant to which such Restricted Securities Unit is granted, provided that such date may not be later than the earlier of: (i) the date which is the tenth anniversary of the date on which such Restricted Securities Unit is granted, and (ii) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange;
- (b) in the event the Participant ceases to be an Eligible Person for any reason, other than the death of the Participant or the termination of the Participant for Cause, such period of time after the date on which the Participant ceases to be an Eligible Person as may be specified by the Compensation Committee, which date shall not exceed three months following the termination of the Participant's employment with the Corporation or in the case of Restricted Securities Units granted to a director or Consultant, three months following the Participant ceasing to be a director or a Consultant, unless the Compensation Committee otherwise determines, and which period will be specified in the Award Agreement with the Participant with respect to such Restricted Securities Unit;
- (c) in the event of the termination of the Participant as a director, officer, employee or Consultant of the Corporation or an Affiliate for Cause, the date of such termination; and

- (d) in the event of the death of a Participant prior to: (A) the Participant ceasing to be an Eligible Person; or (B) the date which is the number of days specified by the Compensation Committee pursuant to subparagraph (b) above from the date on which the Participant ceased to be an Eligible Person; the date which is one year after the date of death of such Participant or such other earlier date as may be specified by the Compensation Committee and which period will be specified in the Award Agreement with the Participant with respect to such Restricted Securities Unit.

Notwithstanding the foregoing provisions of subparagraphs (b), (c) and (d) of this Section 11.4, the Compensation Committee may, subject to Article 20.0 and any regulatory approval, at any time prior to expiry of a Restricted Securities Unit extend the period of time, subject to a maximum of one year, within which a Restricted Securities Unit may be settled by a Participant who has ceased to be an Eligible Person, but such an extension shall not be granted beyond the original expiry date of the Restricted Securities Unit as provided for in subparagraph (a) above.

11.5 Blackout Extension. Where the Expiry Date for a Restricted Securities Unit occurs during or on or before the fifth Trading Day following the end of a Blackout Period, the Expiry Date for such Restricted Securities Unit shall be extended to the date which is the tenth Trading Day following the end of the Blackout Period.

11.6 Settlement of Restricted Securities Units and Other Restrictions. Subject to the terms and conditions of this Plan, the Compensation Committee may impose such limitations or conditions on the settlement or vesting of any Restricted Securities Units as the Compensation Committee in its discretion deems appropriate, including limiting the aggregate number of Common Shares in respect of which Restricted Securities Units may be settled during any period so long as the requirements of the Stock Exchange in regards to settlement or vesting, if any, are met. Among other things, the number of Common Shares for which each Restricted Securities Unit may be settled in any period, together with the settlement price (if any) therefor, will be specified in the Award Agreement with respect to such Restricted Securities Units.

11.7 Termination of Unvested Restricted Securities Units. Except as otherwise determined by the Compensation Committee and set forth in an Award Agreement, all unvested Restricted Securities Units outstanding as at the date upon which the Participant ceases to be an Eligible Person (which, in the case of an employee or Consultant of the Corporation or its Affiliates, shall be the date on which employment or engagement, as applicable, with the Corporation or its Affiliates terminates, specifically without regard to any period of reasonable notice or any salary continuance) shall immediately terminate as at such date.

11.8 Accelerated Vesting of Restricted Securities Units Upon Death. Notwithstanding Section 11.7 above, in the event of the death of a Participant prior to the Participant ceasing to be an Eligible Person, all Restricted Securities Units of such Participant shall become immediately vested.

11.9 Settlement of Restricted Securities Unit. As soon as reasonably practicable after any settlement of a Restricted Securities Unit, the Corporation will cause either a certificate or certificates representing the Common Shares in respect of which such Restricted Securities Unit is settled, or a non-transferable written acknowledgement of the Participant's right to obtain a certificate in respect of same, to be delivered to the Participant or the Legal Representative of the Participant.

11.10 Hold Periods. Restricted Securities Units and any Common Shares issued on the settlement of the Restricted Securities Units may be subject to resale restrictions under securities laws and, where appropriate, will be legended with applicable resale restrictions, for a period commencing on the date the Restricted Securities Units were granted.

11.11 Non-Dilutive Purchases. The Corporation may satisfy any obligation to deliver Common Shares to a Participant upon the settlement of applicable Restricted Securities Units by either issuing Common

Shares from treasury or establishing a trust arrangement with a trustee who will, in its discretion and subject to the terms established with such trustee, carry out purchases of Common Shares.

11.12 Settlement of Restricted Securities Units in Cash. Restricted Securities Unit Awards shall be settled in Common Shares unless the Corporation offers the Participant the right to receive cash in lieu of securities and the Participant, in its sole discretion, so elects.

12.0 PERFORMANCE AWARDS

The Compensation Committee is hereby authorized, subject to the terms and conditions of the Plan and the requirements of the Stock Exchange, to grant Performance Awards to an Eligible Person subject to the terms of the Plan. A "**Performance Award**" granted under the Plan: (i) may be denominated or payable in cash, Common Shares (including, without limitation, Restricted Stock and Restricted Securities Units), other securities, other Awards or other property, and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of such performance goals during such performance periods as the Compensation Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of the Performance Award shall be determined by the Compensation Committee.

13.0 OTHER STOCK-BASED AWARDS

13.1 Grant of Stock-Based Awards. The Compensation Committee is hereby authorized, subject to the terms and conditions of the Plan and the requirements of the Stock Exchange, to grant to an Eligible Person, such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Common Shares (including, without limitation, securities convertible into Common Shares), as are deemed by the Compensation Committee to be consistent with the purpose of the Plan. Common Shares or other securities delivered pursuant to a purchase right granted under this Article 13.0 shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, as the Compensation Committee shall determine, the value of which consideration, as established by the Compensation Committee, may not be less than the fair market value of the Common Shares or other securities (subject, however, to adjustment for any permissible discounts), expressed in terms of money, as determined by the Compensation Committee in its sole discretion, having due regard to such matters and considerations as it determines relevant, including any applicable rules, regulations or policies (including those of the Stock Exchange).

14.0 GENERAL TERMS OF AWARDS

14.1 Income Tax. With respect to any Award granted to a Participant employed in Canada, the Compensation Committee shall have the right, but not the obligation, to take account of Canadian income tax considerations in determining the terms and conditions of the Award or any amendment thereto.

14.2 Consideration for Awards. Awards may be granted for no cash consideration or for any cash or other consideration as determined by the Compensation Committee and required by applicable law.

14.3 Awards May Be Granted Separately or Together. Awards may, in the discretion of the Compensation Committee, be granted either alone or in addition to or in tandem with any other Award or any award granted under any plan of the Corporation or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under any such other plan of the Corporation or any Affiliate may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

14.4 Forms of Payment under Awards. Subject to the terms of the Plan, payments or transfers to be made by the Corporation or an Affiliate upon the grant, settlement, exercise or payment of an Award may

be made in such form or forms as the Compensation Committee shall determine (including, without limitation, cash, Common Shares, promissory notes, other securities, other Awards or other property or any combination thereof), and may be made in a single payment or transfer, in instalments or on a deferred basis, in each case in accordance with rules and procedures established by the Compensation Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on instalment or deferred payments or the grant or crediting of dividend equivalents with respect to instalment or deferred payments.

14.5 Restrictions, Securities Exchange Listing. All Common Shares or other securities delivered under the Plan pursuant to any Award or the exercise or settlement thereof shall be subject to such stop transfer orders and other restrictions as the Compensation Committee may deem advisable under the Plan, applicable Canadian provincial, or foreign securities laws and regulatory requirements, and applicable Canadian corporate laws, and the Compensation Committee may direct appropriate stop transfer orders and cause other legends to be placed on the certificates for such Common Shares or other securities to reflect such restrictions. If the Common Shares or other securities are traded on the Stock Exchange, the Corporation shall not be required to deliver any Common Shares or other securities covered by an Award unless and until such Common Shares or other securities have been admitted for trading on the Stock Exchange.

15.0 CHANGE IN STATUS

A change in the status, office, position or duties of a Participant from the status, office, position or duties held by such Participant on the date on which the Award was granted to such Participant will not result in the termination of the Award granted to such Participant provided that such Participant remains an Eligible Person.

16.0 NON-TRANSFERABILITY OF AWARDS

Each Award Agreement will provide that the Award granted thereunder is not transferable or assignable to anyone other than a Permitted Assign. The Award Agreement will also provide that the Award granted thereunder may only be exercised or settled by the Participant or a Permitted Assign or in the event of:

- (a) the death of the Participant or a Permitted Assign; or
- (b) the appointment of a committee or duly appointed attorney of the Participant or a Permitted Assign on the grounds that the Participant or a Permitted Assign is incapable, by reason of physical or mental infirmity, of managing their affairs.

17.0 REPRESENTATIONS AND COVENANTS OF PARTICIPANTS

17.1 Representations and Covenants. Each Award Agreement will be deemed to contain representations and covenants of the Participant that:

- (a) the Participant is a *bona fide* director, officer, employee, or Consultant of the Corporation or its Affiliates or a Person otherwise determined as an Eligible Person under this Plan by the Compensation Committee;
- (b) the Participant has not been induced to enter into such Award Agreement by the expectation of employment or continued employment with the Corporation or its Affiliates;
- (c) the Participant is aware that the grant of the Award and the issuance by the Corporation of Common Shares or other securities thereunder are exempt from the obligation under applicable securities laws to file a prospectus or other registration document qualifying

the distribution of the Awards or the Common Shares or other securities to be distributed thereunder under any applicable securities laws;

- (d) upon each exercise or settlement of an Award, the Participant, or the Legal Representative of the Participant, as the case may be, will, if requested by the Corporation, represent and agree in writing that the Person is, or the Participant was, a director, officer, employee or Consultant of the Corporation or its Affiliates or a Person otherwise determined as an Eligible Person under this Plan by the Compensation Committee and has not been induced to purchase the Common Shares or other securities by expectation of employment or continued employment with the Corporation or its Affiliates, and that such Person is not aware of any commission or other remuneration having been paid or given to others in respect of the granting of the Award; and
- (e) if the Participant or the Legal Representative of the Participant exercises or settles an Award, the Participant or the Legal Representative, as the case may be, will prior to and upon any sale or disposition of any Common Shares or other securities purchased or issued pursuant to the exercise or settlement of an Award, comply with all applicable securities laws and all applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange, and will not offer, sell or deliver any of such Common Shares or other securities, directly or indirectly, in the United States or to any citizen or resident of, or any company, partnership or other entity created or organized in or under the laws of, the United States, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source, except in compliance with the securities laws of the United States.

17.2 Provisions Relating to Securities Issuances under an Award Agreement. Each Award Agreement will contain such provisions as in the opinion of the Compensation Committee are required to ensure that no Common Shares or other securities are issued on the exercise or settlement of an Award unless the Compensation Committee is satisfied that the issuance of Common Shares or other securities will be exempt from all registration or qualification requirements of applicable securities laws and will be permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange. In particular, if required by any regulatory authority to which the Corporation is subject, including the Stock Exchange, an Award Agreement may provide that shareholder approval to the grant of an Award must be obtained prior to the exercise or settlement of the Award or to the amendment of the Award Agreement.

18.0 WITHHOLDING TAX

The Participant will be solely responsible for paying any applicable taxes (for greater certainty includes any tax under the *Income Tax Act* (Canada) and any other applicable tax statute or regulation) arising from the grant, vesting, exercise or settlement of any Award and payment is to be made in a manner satisfactory to the Corporation. Notwithstanding the foregoing, the Corporation will have the right to withhold from any Award or any Common Shares or other securities issuable pursuant to an Award or from any cash amounts otherwise due or to become due from the Corporation to the Participant, an amount equal to any such taxes.

19.0 CONDITIONS

Notwithstanding any of the provisions contained in this Plan or in any Award Agreement, the Corporation's obligation to issue Common Shares or other securities to a Participant pursuant to the exercise or settlement of an Award or the granting of any Award will be subject to, if applicable:

- (a) completion of such registration or other qualification of such Common Shares or other securities or to the approval of such governmental authority as the Corporation may

determine to be necessary or advisable in connection with the authorization, issuance or sale thereof; and

- (b) the receipt from the Participant of such representations, agreements and undertakings, including as to future dealings in Common Shares or other securities, as the Corporation or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

20.0 SUSPENSION, AMENDMENT OR TERMINATION OF PLAN

20.1 Suspension, Amendment or Discontinuance of Plan. The Compensation Committee may discontinue the Plan at any time. Without approval of any of the securityholders of the Corporation unless required by the Stock Exchange, the Compensation Committee has the right, subject only to those limitations set forth in Section 20.2, to at any time suspend, amend, modify or terminate this Plan or an Award Agreement including, without limitation, the right to make the following amendments to this Plan or any Award Agreement:

- (a) amendments of a clerical nature, including but not limited to the correction of grammatical or typographical errors or clarification of terms;
- (b) amendments to reflect any requirements of any regulatory authorities to which the Corporation is subject, including the Stock Exchange;
- (c) cancel any Award for Common Shares, reduce the number of Common Shares under Award or increase the exercise or settlement price of an Award for Common Shares;
- (d) convert to a fixed number plan at any time, provided that the fixed number does not exceed 10% of the then issued and Outstanding Common Shares;
- (e) extend the term of any Award for Common Shares held by non-Insiders of the Corporation;
- (f) reduce the exercise or settlement price per Common Share under any Award held by non-Insiders of the Corporation or replace such Award with a lower exercise or settlement price per Common Share under such replacement Award; and
- (g) amendments to obtain, preserve or clarify the provision of desirable tax treatment to Participants in respect of Awards, as well as amendments which may be necessary or desirable in the interests of the Participants as a result of changes in taxation laws or in their interpretation or administration (including changes in the administrative practices and assessing policies of the Canada Revenue Agency).

Notwithstanding the foregoing, all procedures and necessary approvals required under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange, shall be complied with and obtained in connection with any such suspension, termination, amendment or other modification to the Plan or amendments to any Award Agreement.

20.2 Limitations. The Compensation Committee will not have the right to:

- (a) except as permitted pursuant to Article 21.0, (i) extend the term of an Award for Common Shares held by an Insider of the Corporation; or (ii) cancel any Award for Common Shares held by an Insider and grant a new or replacement Award to the same individual within twelve (12) months of the cancellation, unless, in each case, any applicable rules of the Stock Exchange are first complied with;

- (b) reduce the exercise or settlement price per Common Share under any Award held by an Insider of the Corporation without obtaining Disinterested Shareholder Approval;
- (c) affect in a manner that is adverse or prejudicial to, or that impairs, the benefits and rights of any Participant under any Award previously granted under this Plan (except as permitted pursuant to Article 21.0 and except for the purpose of complying with applicable securities laws or the bylaws, rules and regulations of any regulatory authority to which the Corporation is subject, including the Stock Exchange) unless the consent of the affected Participants is first obtained;
- (d) decrease the number of securities which may be purchased pursuant to any Award (except as permitted pursuant to Article 21.0) without the consent of such Participant;
- (e) increase the exercise or settlement price at which securities may be purchased pursuant to any Award (except as permitted pursuant to Article 21.0) without the consent of such Participant;
- (f) extend the term of any Awards for Common Shares beyond a period of ten years or the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange; or
- (g) grant any Award if this Plan is suspended or has been terminated.

20.3 Powers of Compensation Committee Survive Termination. The full powers of the Compensation Committee as provided for in this Plan will survive the termination of this Plan until all Awards have been exercised or settled in full or have otherwise expired.

21.0 ADJUSTMENTS

21.1 Adjustments. Appropriate adjustments to this Plan and to Awards shall be made, and shall be conclusively determined, by the Compensation Committee to give effect to adjustments in the number of Common Shares or other securities resulting from subdivisions, consolidations, substitutions, or reclassifications of the Common Shares or other securities, the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or other changes in the capital of the Corporation or from a Merger and Acquisition Transaction. Any dispute that arises at any time with respect to any such adjustment will be conclusively determined by the Compensation Committee, and any such determination will be binding on the Corporation, the Participant and all other affected parties.

21.2 Merger and Acquisition Transaction. In the event of a Merger and Acquisition Transaction or proposed Merger and Acquisition Transaction:

- (a) the Compensation Committee shall, in an appropriate and equitable manner, determine any adjustment to the number and type of Common Shares or other securities (or other securities or other property) that thereafter shall be made the subject of Awards;
- (b) the Compensation Committee shall, in an appropriate and equitable manner, determine the number and type of Common Shares (or other securities or other property) subject to outstanding Awards;
- (c) the Compensation Committee shall, in an appropriate and equitable manner, determine the purchase price, settlement price or exercise price with respect to any Award; *provided, however*, that the number of securities covered by any Award or to which such Award relates shall always be a whole number;

- (d) the Compensation Committee shall, in an appropriate and equitable manner, determine the manner in which all unexercised rights granted under this Plan will be treated including, without limitation, requiring the acceleration of the time for the exercise or settlement of such rights by the Participants, the time for the fulfilment of any conditions or restrictions on such exercise or settlement, and the time for the expiry of such rights;
- (e) the Compensation Committee or any company which is or would be the successor to the Corporation or which may issue securities in exchange for Common Shares or other securities upon the Merger and Acquisition Transaction becoming effective may offer any Participant the opportunity to obtain a new or replacement Award over any securities into which the Common Shares or other securities are changed or are convertible or exchangeable, on a basis proportionate to the number of Common Shares or other securities (as the case may be) under Award and the exercise or settlement price (and otherwise substantially upon the terms of the Award being replaced, or upon terms no less favourable to the Participant) including, without limitation, the periods during which the Award may be exercised or settled and expiry dates; and in such event, the Participant shall, if he or she accepts such offer, be deemed to have released his or her Award over the Common Shares or other securities (as the case may be) and such Award shall be deemed to have lapsed and be cancelled; and
- (f) the Compensation Committee may commute for or into any other security or any other property or cash, any Award that is still capable of being exercised or settled, upon giving to the Participant to whom such Award has been granted at least 30 days written notice of its intention to commute such Award, and during such period of notice, the Award, to the extent it has not been settled or exercised, may be exercised or settled by the Participant without regard to any vesting conditions attached thereto, and on the expiry of such period of notice, the unexercised portion of the Award shall lapse and be cancelled.

Subparagraphs (a) through (f) of this Section 21.2 may be utilized independently of, successively with, or in combination with each other and Section 21.1, and nothing therein contained shall be construed as limiting or affecting the ability of the Compensation Committee to deal with Awards in any other manner. All determinations by the Compensation Committee under this Article 21.0 will be final, binding and conclusive for all purposes.

21.3 Cancellation. The Compensation Committee may, in its sole discretion, cancel any or all outstanding Awards and pay to the holders of any such Awards that are otherwise vested, in cash, the value of such Awards based upon the price per share of capital stock received or to be received by other shareholders of the Corporation in such event.

21.4 No Limitation. The grant of any Awards will in no way affect the Corporation's right to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, amalgamate, reorganize, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets or engage in any like transaction.

21.5 No Fractional Shares. No adjustment or substitution provided for in this Article 21.0 will require the Corporation to issue a fractional share in respect of any or other Awards and the total substitution or adjustment with respect to each Award will be limited accordingly.

22.0 GENERAL

22.1 No Rights as Securityholder. Nothing herein or otherwise shall be construed so as to confer on any Participant any rights as a shareholder or securityholder of the Corporation with respect to any Common Shares or other securities reserved for the purpose of any Award.

22.2 No Effect on Employment. Nothing in this Plan or any Award Agreement will confer upon any Participant any right to continue in the employ of or under contract with the Corporation or its Affiliates or affect in any way the right of the Corporation or any such Affiliate to terminate his or her employment at any time or terminate his or her consulting contract, nor will anything in this Plan or any Award Agreement be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any such Affiliate to extend the employment of any Participant beyond the time that he or she would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or its Affiliates or any present or future retirement policy of the Corporation or its Affiliates, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or its Affiliates. Neither any period of notice nor any payment in lieu thereof upon termination of employment shall be considered as extending the period of employment for the purposes of the Plan.

22.3 No Fettering of Directors' Discretion. Nothing contained in this Plan will restrict or limit or be deemed to restrict or limit the right or power of the Board of Directors in connection with any allotment and issuance of Common Shares or other securities which are not allotted and issued under this Plan including, without limitation, with respect to other compensation arrangements.

22.4 Applicable Law. The Plan and any Award Agreement granted hereunder will be governed, construed and administered in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.