

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

Filing Date: **2021-08-19**
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FILER

Cardiol Therapeutics Inc.

CIK: **1702123** | IRS No.: **000000000** | State of Incorpor.: **A6** | Fiscal Year End: **1231**
Type: **S-8** | Act: **33** | File No.: **333-258940** | Film No.: **211190688**
SIC: **2836** Biological products, (no diagnostic substances)

Mailing Address
602-2265 UPPER MIDDLE
ROAD EAST
OAKVILLE A6 L6H 0G5

Business Address
602-2265 UPPER MIDDLE
ROAD EAST
OAKVILLE A6 L6H 0G5
289-910-0850

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM S-8
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

CARDIOL THERAPEUTICS INC.
(Exact name of Registrant as specified in its charter)

Ontario, Canada
(State or other jurisdiction of
incorporation or organization)

Not Applicable
(I.R.S. Employer
Identification No.)

**602-2265 Upper Middle Road East
Oakville, Ontario
Canada**
(Address of Principal Executive Offices)

L6H 0G5
(Zip Code)

**AMENDED AND RESTATED EQUITY COMPENSATION PLAN
OMNIBUS EQUITY INCENTIVE PLAN**
(Full title of the plan)

**C T Corporation System
1015 15th Street N.W., Suite 1000
Washington, D.C., 20005**
(Name and address of agent for service)

(202) 572-3111
(Telephone number, including area code, of agent for service)

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Securities Exchange Act of 1934, as amended.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act of 1933, as amended.

CALCULATION OF REGISTRATION FEE*

Title of securities to be registered	Amount to be registered ¹	Proposed maximum offering price per share	Proposed maximum aggregate offering price ⁴	Amount of registration fee

Class A Common Shares subject to outstanding options under the Old Plan	3,461,300 shares	\$3.53 ²	\$12,218,389	\$1,333
Class A Common Shares not subject to outstanding awards under the New Plan	2,980,689 shares	\$2.85 ³	\$8,494,964	\$927
Total	6,441,989 shares	—	\$20,713,353	\$2,260

¹ Pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the “**Securities Act**”), this registration statement also covers an indeterminate number of additional common shares that may be offered and issued to prevent dilution resulting from share dividends, share splits, reverse share splits, combinations of shares, spin-offs, recapitalizations, mergers or similar capital adjustments as provided in the Amended and Restated Equity Compensation Plan (the “**Old Plan**”) and Omnibus Equity Incentive Plan (the “**New Plan**”).

² In the case of common shares subject to outstanding options, based on weighted average exercise price of US\$3.53 (Cdn\$4.41) of options granted under the Old Plan outstanding as of August 13, 2021, such amounts having been converted into U.S. dollars based on the average exchange rate on August 13, 2021, as reported by the Bank of Canada, for the conversion of Canadian dollars into U.S. dollars of Cdn\$1.00 equals US\$0.80.

³ Calculated in accordance with Rule 457(c) and (h) under the Securities Act based on the average of the high and low prices for Cardiol Therapeutics Inc.’s (the “**Registrant**”) common shares reported on The Nasdaq Stock Market LLC on August 13, 2021, which was US\$2.85 per share.

⁴ Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act.

Part I — Information Required in the Section 10(a) Prospectus

Item 1. Plan Information. *

Item 2. Registrant Information and Employee Plan Annual Information.*

The documents containing the information specified in “Item 1. Plan Information” and “Item 2. Registrant Information and Employee Plan Annual Information” of Form S-8 will be sent or given to participants, as specified by Rule 428(b)(1) under the Securities Act. Such documents are not required to be, and are not, filed with the United States Securities and Exchange Commission (the “**Commission**”) either as part of this registration statement or as a prospectus or prospectus supplement pursuant to Rule 424 under the Securities Act. These documents and the documents incorporated by reference in this registration statement pursuant to Item 3 of Part II of Form S-8, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

Part II — Information Required in the Registration Statement

Item 3. Incorporation of Documents by Reference.

The following documents filed by the Registrant with the Commission are incorporated herein by reference:

- (a) [The Registrant’s effective registration statement on Form F-10 \(File No. 333-257764\) filed with the Commission on July 8, 2021](#), as amended [August 3, 2021](#), which contains audited financial statements for the Registrant’s latest fiscal year.

- (b) All documents filed by the Registrant pursuant to Section 13(a) or 15(d) of the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), subsequent to the date of this registration statement and prior to the filing of a post-effective amendment to this registration statement which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this registration statement and to be a part hereof commencing on the respective dates on which such documents are filed.

- (c) [The description of the Registrant's common shares contained in the registration statement on Form F-10 filed with the Commission on July 8, 2021](#), as amended [August 3, 2021](#), incorporated by reference herein pursuant to (a) above, including any amendment or report filed for the purposes of updating such description.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

Under the *Business Corporations Act* (Ontario), the Registrant may indemnify a director or officer of the Registrant, a former director or officer of the Registrant or another individual who acts or acted at the Registrant's request as a director or officer, or an individual acting in a similar capacity, of another entity (each of the foregoing, an "individual"), against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Registrant or other entity, on the condition that (i) such individual acted honestly and in good faith with a view to the best interests of the Registrant or, as the case may be, to the best interests of the other entity for which such individual acted as a director or officer or in a similar capacity at the Registrant's request; and (ii) if the matter is a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Registrant shall not indemnify such individual unless such individual had reasonable grounds for believing that such individual's conduct was lawful.

Further, the Registrant may, with the approval of a court, indemnify an individual in respect of an action by or on behalf of the Registrant or other entity to obtain a judgment in its favor, to which the individual is made a party because of the individual's association with the Registrant or other entity as a director or officer, a former director or officer, an individual who acts or acted at the Registrant's request as a director or officer, or an individual acting in a similar capacity, against all costs, charges and expenses reasonably incurred by the individual in connection with such action, if the individual fulfills the condition in (i) above. Such individuals are entitled to indemnification from the Registrant in respect of all costs, charges and expenses reasonably incurred by the individual in connection with the defense of any civil, criminal, administrative, investigative or other proceeding to which the individual is subject because of the individual's association with the Registrant or other entity as described above, provided the individual seeking an indemnity: (A) was not judged by a court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done; and (B) fulfills the conditions in (i) and (ii) above.

The by-laws of the Registrant provide that, subject to the limitations contained in the *Business Corporations Act* (Ontario), the Registrant shall indemnify and hold harmless a director or officer of the Registrant, a former director or officer of the Registrant, or another individual who acts or acted at the Registrant's request as a director or officer (or an individual acting in a similar capacity) of another entity of which the Registrant was or is a shareholder or creditor, and each of their respective heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal or administrative action or other proceeding to which the individual is made a party by reason of being or having been a director or officer of the Registrant or other entity. Pursuant to the by-laws, the Registrant shall not indemnify an individual unless he or she fulfills the conditions of clauses (i) and (ii) in the first paragraph set forth above. The Registrant shall also indemnify the person referred to above in such other circumstances as the *Business Corporations Act* (Ontario) or law permits or requires.

The Registrant maintains directors' and officers' liability insurance which insures directors and officers for losses as a result of claims against the directors and officers of the Registrant in their capacity as directors and officers.

The Registrant has entered, and may from time to time enter, into indemnification agreements for the benefit of its directors and officers providing for their indemnification as permitted under the *Business Corporations Act* (Ontario) and the by-laws.

Insofar as the indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Registrant pursuant to the foregoing provisions, the Registrant has been informed that in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

An Exhibit Index appears on page 5 hereof and is incorporated herein by reference.

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in the volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(ii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each

filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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EXHIBIT INDEX

Exhibit No.	Description
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4.1	Articles of Incorporation of Cardiol Therapeutics Inc.
4.2	Articles of Amendment of Cardiol Therapeutics Inc. (February 13, 2017)
4.3	Articles of Amendment of Cardiol Therapeutics Inc. (August 29, 2018)
4.4	By Law No.1 of Cardiol Therapeutics Inc.
4.5	Amended and Restated Equity Compensation Plan
4.6	Omnibus Equity Incentive Plan
5.1	Opinion of Borden Ladner Gervais LLP
23.1	Consent of Borden Ladner Gervais LLP (contained in Exhibit 5.1 hereto).
23.2	Consent of BDO Canada LLP
24.1	Powers of Attorney (included on the signature page of this registration statement).

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SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Toronto, Province of Ontario, Canada, on August 19, 2021.

CARDIOL THERAPEUTICS INC.

By: /s/ David Elsley

Name: David Elsley

Title: Chief Executive Officer

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**POWERS OF ATTORNEY
AND
SIGNATURES**

Each person whose signature appears below constitutes and appoints David Elsley and Chris Waddick, or either of them, as his or her true and lawful attorneys-in-fact and agents, each of whom may act alone, with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including post-effective amendments to this registration statement, registration statements filed pursuant to Rule 429 under the Securities Act, and any related registration statements necessary to register additional securities, and to file the same, with all exhibits thereto, and other documents and in connection therewith, with the Commission, granting unto said attorneys-in-fact and agents, and each of them full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents or any of them or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

This Power of Attorney may be executed in multiple counterparts, each of which shall be deemed an original, but which taken together shall constitute one instrument.

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on August 19, 2021.

Signature	Title
<hr/> <i>/s/ David Elsley</i> David Elsley	Chief Executive Officer and Director (principal executive officer)
<hr/> <i>/s/ Chris Waddick</i> Chris Waddick	Chief Financial Officer (principal financial and accounting officer)
<hr/> <i>/s/ Guillermo Torre-Amione</i> Guillermo Torre-Amione	Director, Chair
<hr/> <i>/s/ Deborah Brown</i> Deborah Brown	Director
<hr/> <i>/s/ Peter Pecos</i> Peter Pecos	Director
<hr/> <i>/s/ Colin G. Stott</i> Colin G. Stott	Director
<hr/> <i>/s/ Iain Chalmers</i> Iain Chalmers	Director

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AUTHORIZED REPRESENTATIVE

Pursuant to the requirements of Section 6(a) of the Securities Act of 1933, as amended, the undersigned has signed this Form S-8, solely in its capacity as duly authorized representative of Largo Resources Ltd. in the United States, on August 19, 2021.

PUGLISI & ASSOCIATES

By: /s/ Donald J. Puglisi
Name: Donald J. Puglisi

Title: Managing Director

Request ID:	019819890	Province of Ontario	Date Report Produced:	2017/01/ 19
Demande n°:		Province de l'Ontario	Document produit le:	
Transaction ID:	063326122	Ministry of Government Services	Time Report Produced:	11:42:46
Transaction n°:		Ministère des Services gouvernementaux	Imprimé à:	
Category ID:	CT			
Catégorie:				

Certificate of Incorporation Certificat de constitution

This is to certify that

Ceci certifie que

CARDIOL THERAPEUTICS INC.

Ontario Corporation No.

Numéro matricule de la personne morale en Ontario

002556983

is a corporation incorporated, under the laws of the Province of Ontario.

est une société constituée aux termes des lois de la province de l'Ontario.

These articles of incorporation are effective on

Les présents statuts constitutifs entrent en vigueur le

JANUARY 19 JANVIER, 2017



Director/Directeur
Business Corporations Act/Loi sur les sociétés par actions

Name of Corporation CARDIOL THERAPEUTICS INC.	Ontario Corporation Number 002556983
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ADDITIONAL INFORMATION FOR ELECTRONIC INCORPORATION

CONTACT PERSON

First Name Anurag
Last Name Gupta
Name of Law Firm
Anurag Gupta Professional
Corporation

ADDRESS	Street #	Street Name	Road	Suite #
	1400	Cornwall	Road	12
Additional Information				City
Anurag Gupta				Oakville
Province				Postal Code
ONTARIO				L6J 7W5
TELEPHONE #:	416 521	9834 ext 201		

NUANS® SEARCH DETAILS

Corporate Name Searched on NUANS®
CARDIOL THERAPEUTICS INC.

NUANS® Reservation Reference #
120131899

Date of NUANS® Report
2017/01/09

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Request ID / Demande n°

019819890

Ontario Corporation Number
Numéro de la compagnie en Ontario

002556983

FORM 1

BUSINESS CORPORATIONS ACT

FORMULE NUMÉRO 1

LOI SUR LES SOCIÉTÉ PAR ACTIONS

ARTICLES OF INCORPORATION
STATUTS CONSTITUTIFS

1. The name of the corporation is:

CARDIOL THERAPEUTICS INC.

Dénomination sociale de la compagnie:

2. The address of the registered office is:

Adresse du siège social:

C/O DAVID ELSLEY
2275 UPPER MIDDLE RD.
Suite 101

(Street & Number, or R.R. Number & if Multi-Office Building give Room No.)
(Rue et numéro, ou numéro de la R.R. et, s'il s'agit édifice à bureau, numéro du bureau)

OAKVILLE
CANADA
(Name of Municipality or Post Office)
(Nom de la municipalité ou du bureau de poste)

ONTARIO
L6H 0C3
(Postal Code/ Code postal)

3. Number (or minimum and maximum number) of directors is:
MINIMUM 1

Nombre (ou nombres minimal et maximal) d'administrateurs:
MAXIMUM 10

4. The first director(s) is/are:

Premier(s) administrateur(s):

First name, initials and surname
Prénom, initiales et nom de famille

Resident Canadian State Yes or No
Résident Canadien Oui/Non

Address for service, giving Street & No. or R.R. No., Municipality and Postal Code

Domicile élu, y compris la rue et le numéro, le numéro de la R.R., ou le nom de la municipalité et le code postal

* DAVID
ELSLEY

Yes

2320 CHEVERIE ST

OAKVILLE ONTARIO
CANADA L6J 5W4

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Numéro de la compagnie en Ontario

002556983

4. The first director(s) is/are:

Premier(s) administrateur(s):

First name, initials and surname	Resident Canadian	State Yes or No
<i>Prénom, initiales et nom de famille</i>	<i>Résident Canadien</i>	<i>Oui/Non</i>

Address for service, giving Street & No.
or R.R. No., Municipality and Postal Code

*Domicile élu, y compris la rue et le
numéro, le numéro de la R.R., ou le
nom de la municipalité et le code postal*

* **ELDON
SMITH** Yes

1901 VARSITY ESTATES DRIVE N.W. Suite 16

CALGARY ALBERTA
CANADA T3B 4T7

* **TERRENCE MARTIN
LYNCH** Yes

1000 KING STREET WEST Suite 305

TORONTO ONTARIO
CANADA M6K 3N1

* **ANTHONY
BOLTON** No

7 WYEBANK GROVE
BAKEWELL
DERBYSHIRE
UNITED KINGDOM DE45 1BJ

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Numéro de la compagnie en Ontario

002556983

5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.
Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.

None

6. The classes and any maximum number of shares that the corporation is authorized to issue:
Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:

The authorized capital of the corporation shall be 9,000,000 (nine million) Class A Common Shares.

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002556983

7. **Rights, privileges, restrictions and conditions (if any) attaching to each class of shares, and directors' authority with respect to any class of shares which may be issued in series:**
Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:

The designations, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the Class A Common Shares are:

(a) The Class A Common Shares shall be entitled to receive, in any financial year of the Corporation, dividends at such time and for such amount as may be determined from time to time by the directors in their discretion.

(b) Each Class A Common Shares shall entitle the holder to receive notice of, and to attend and exercise their respective votes at, all annual and general meetings of the shareholders of the Corporation. Holders of the Class A Common Shares shall be entitled to one (1) vote for each share held.

(c) Subject to the rights of the holders of any shares ranking prior to or on a parity with the Class A Common Shares, the holders of the Class A Common Shares shall in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs be entitled to receive the remaining assets of the Corporation.

(d) The Corporation may, at any time and from time to time, purchase for cancellation the whole or any part of the Class A Common Shares, at the lowest purchase amount at which, in the opinion of the directors, the shares are obtainable (the purchase amount as defined herein) together with all dividends declared thereon and unpaid. For purposes of this paragraph, the "purchase amount" of any Class A Common Shares, shall be an amount determined by dividing the en bloc fair market value of all the issued and outstanding Class A Common Shares, of the Corporation at the date of such purchase by the number of such shares then issued and outstanding. The en bloc fair market value of such shares shall be the amount determined to be the fair market value in accordance with generally accepted valuation principles.

(e) Any amendment to the Articles of the Corporation to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class A Common Shares, or to create shares ranking in priority to, or on a parity with, the Class A Common Shares must be authorized by at least two-thirds (2/3) of the votes cast at a meeting of the holders of each of the Class A Common Shares of the Corporation (voting separately as a class), duly called for that purpose.

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002556983

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8. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:
L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:

No shares of the Corporation may be transferred without either:

- (a) the previous consent of the directors of the Corporation expressed by a resolution passed by the board of directors or by an instrument or instruments in writing signed by all the directors; or
- (b) the previous consent of the holders of at least fifty-one percent (51%) of the shares for the time being outstanding expressed by a resolution passed by the shareholders or by an instrument or instruments in writing signed by such shareholders.

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Numéro de la compagnie en Ontario

002556983

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9. Other provisions if any:
Autres dispositions, s'il y a lieu:

(a) Without in any way restricting the powers of the Corporation, the board of directors may from time to time and without authorization of the shareholders:

(i) borrow money upon the credit of the Corporation;

(ii) issue, reissue, sell or pledge debt obligations of the Corporation;

(iii) give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and

(iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

(b) The board of directors may from time to time delegate any or all of the foregoing powers to such officers or directors of the Corporation to such extent and in such manner as the board of directors may from time to time determine.

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Numéro de la compagnie en Ontario

002556983

10. The names and addresses of the incorporators are

Nom et adresse des fondateurs

First name, initials and last name
or corporate name

*Prénom, initiale et nom de
famille ou dénomination sociale*

Full address for service or address of registered office or of principal place of business giving street & No. or R.R. No.,
municipality and postal code

*Domicile élu, adresse du siège social au adresse de l'établissement principal, y compris la rue et le numéro, le numéro de la
R.R., le nom de la municipalité et le code postal*

* DAVID ELSLEY

2320 CHEVERIE ST

OAKVILLE ONTARIO
CANADA L6J 5W4

* ELDON SMITH

1901 VARSITY ESTATES DRIVE N.W. Suite 16

CALGARY ALBERTA
CANADA T3B 4T7

* TERRENCE MARTIN LYNCH

1000 KING STREET WEST Suite 305

TORONTO ONTARIO
CANADA M6K 3N1

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Ontario Corporation Number
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10. The names and addresses of the incorporators are

Nom et adresse des fondateurs

First name, initials and last name
or corporate name

*Prénom, initiale et nom de
famille ou dénomination sociale*

Full address for service or address of registered office or of principal place of business giving street & No. or R.R. No.,
municipality and postal code

*Domicile élu, adresse du siège social au adresse de l'établissement principal, y compris la rue et le numéro, le numéro de la
R.R., le nom de la municipalité et le code postal*

* ANTHONY BOLTON

7 WYEBANK GROVE
BAKEWELL
DERBYSHIRE
UNITED KINGDOM DE45 1BJ

Name of Corporation CARDIOL THERAPEUTICS INC.	Ontario Corporation Number 002556983
	Request ID 019819890

ELECTRONIC INCORPORATION

TERMS AND CONDITIONS

The following are the terms and conditions for the electronic filing of Articles of Incorporation under the Ontario Business Corporations Act (OBCA) with the Ministry of Government Services. Agreement to these terms and conditions by at least one of the incorporators listed in article 10 of the Articles of Incorporation is a mandatory requirement for electronic incorporation.

1) The applicant is required to obtain an Ontario biased or weighted NUANS search report for the proposed name. The applicant must provide the NUANS name searched, the NUANS reservation number and the date of the NUANS report. The NUANS report must be kept in electronic or paper format at the corporation's registered office address.

2) All first directors named in the articles must sign a consent in the prescribed form. The original consent must be kept at the corporation's registered office address.

3) A Corporation acquiring a name identical to that of another corporation must indicate that due diligence has been exercised in verifying that the Corporation meets the requirements of Subsection 6(1) of Regulation 62 made under the OBCA. Otherwise, the Corporation is required to obtain a legal opinion on legal letterhead signed by a lawyer qualified to practise in Ontario that clearly indicates that the corporations involved comply with Subsection 6(2) of that Regulation by referring to each clause specifically. The original of this legal opinion must be kept at the Corporation's registered office address. The applicant must complete the electronic version of this legal opinion provided by one of the Service Providers under contract with the Ministry.

4) The date of the Certificate of Incorporation will be the date the articles are updated to the ONBIS electronic public record database. Articles submitted electronically outside MGS, ONBIS access hours, will receive an endorsement date effective the next business day when the system resumes operation, if the submitted Articles of Incorporation meet all requirements for electronic incorporation. Articles of Incorporation submitted during system difficulties will receive an endorsement date effective the date the articles are updated to the ONBIS system.

5) The electronic Articles of Incorporation must be in the format approved by the Ministry and submitted through one of the Service Providers under contract with the Ministry.

6) Upon receipt of the Certificate of Incorporation issued by the ONBIS system, a duplicate copy of the Articles of Incorporation with the Ontario Corporation Number and the Certificate of Incorporation must be kept in paper or electronic format. The Ministry will print and microfilm copies of the Certificate of Incorporation, the Articles of

Incorporation and any other documentation submitted electronically. These will be considered the true original filed copies.

- 7) **The sole responsibility for correctness and completeness of the Articles of Incorporation, and for compliance with the OBCA and all regulations made under it, lies with the incorporator(s) and/or their legal advisor(s), if any.**

The incorporator(s) have read the above Terms and Conditions and they understand and agree to them.

I am an incorporator or I am duly authorized to represent and bind the incorporator(s).

**First Name
DAVID**

**Last Name
ELSLEY**

**ARTICLES OF AMENDMENT
STATUTS DE MODIFICATION**

Form 3
Business
Corporations
Act

Formule 3
Loi sur les
sociétés par
actions

1. The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)
Dénomination sociale actuelle de la société (écrire en LETTRES MAJUSCULES SEULEMENT):

C	A	R	D	I	O	L		T	H	E	R	A	P	E	U	T	I	C	S		I	N	C								

2. The name of the corporation is changed to (if applicable): (Set out in BLOCK CAPITAL LETTERS)
Nouvelle dénomination sociale de la société (s'il y a lieu) (écrire en LETTRES MAJUSCULES SEULEMENT):

3. Date of incorporation/amalgamation:
Date de la constitution ou de la fusion:

2017/01/19

(Year, Month, Day)
(année, mois, jour)

4. **Complete only if there is a change in the number of directors or the minimum / maximum number of directors.
Il faut remplir cette partie seulement si le nombre d'administrateurs ou si le nombre minimal ou maximal d'administrateurs a change.**

Number of directors is/are: minimum and maximum number of directors is/are:

Nombre d'administrateurs: nombres minimum et maximum d'administrateurs:

Number minimum and maximum
Nombre minimum et maximum

or

5. The articles of the corporation are amended as follows:
Les statuts de la société sont modifiés de la façon suivante:

1. Amend paragraph 6 on page 3 by deleting "the authorized capital of the corporation shall be 9,000,000 (nine million) Class A Common Shares" and insert the following:

"The Corporation is authorized to issue an unlimited number of Class A Common



Shares."

118554084v1



2. Delete the entire paragraph 7, including sections (a), (b), (c), (d) and (e) on page 4 in its entirety and replace it with the following:

The rights, privileges, restrictions and conditions attaching to the Class A Common Shares are:

(a) The Class A Common Shares shall be entitled to receive, in any financial year of the Corporation, dividends at such time and for such amount as may be determined from time to time by the directors in their discretion.

(b) Each Class A Common Shares shall entitle the holder to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation. Holders of the Class A Common Shares shall be entitled to one

(1) vote for each share held.

(c) Subject to the rights of the holders of any shares ranking prior to or on a parity with the Class A Common Shares, the holders of the Class A Common Shares shall in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs be entitled to participate rateably in any distribution of the assets of the Corporation.

3. Delete the entire paragraph 8, including sections (a) and (b) on page 5 in its entirety and replace it with the following:

No securities, other than non-convertible debt securities, of the Corporation may be transferred without either:

(a) the previous consent of the directors of the Corporation expressed by a resolution passed by the board of directors or by a resolution in writing signed by all the directors; or

(b) the previous consent of the holders of at least fifty-one percent (51%) of the shares for the time being outstanding expressed by a resolution passed by the shareholders or by an instrument or instruments in writing signed by such shareholders.

4. Delete the entire paragraph 9, including sections (a) and (b) on page 6 in its entirety and replace it with the following:

None.



07119 (2011/05)

118554084v1



6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2017/02/10

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

CARDIOL THERAPEUTICS INC.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par : "David Elsley"

(Signature)
(Signature)

Director

(Description of Office)(Fonction)





Form 3
 Business
 Corporations
 Act

 Formule 3
 Loi sur les
 sociétés par
 actions

**ARTICLES OF AMENDMENT
 STATUTS DE MODIFICATION**

1. The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)
 Dénomination sociale actuelle de la société (écrire en LETTRES MAJUSCULES SEULEMENT) :

C	A	R	D	I	O	L		T	H	E	R	A	P	E	U	T	I	C	S		I	N	C	.														

2. The name of the corporation is changed to (if applicable) : (Set out in BLOCK CAPITAL LETTERS)
 Nouvelle dénomination sociale de la société (s'il y a lieu) (écrire en LETTRES MAJUSCULES SEULEMENT) :

3. Date of incorporation/amalgamation:
 Date de la constitution ou de la fusion :
 2017/01/19

(Year, Month, Day)
 (année, mois, jour)

4. Complete only if there is a change in the number of directors or the minimum / maximum number of directors.
 Il faut remplir cette partie seulement si le nombre d'administrateurs ou si le nombre minimal ou maximal d'administrateurs a change.

Number of directors is/are: minimum and maximum number of directors is/are:
 Nombre d'administrateurs : nombres minimum et maximum d'administrateurs :

Number minimum and maximum
 Nombre minimum et maximum
 or

5. The articles of the corporation are amended as follows:
 Les statuts de la société sont modifiés de la façon suivante :
 As set out on Schedule "A" attached hereto.





**SCHEDULE
"A"**

The Articles are hereby amended by:

1. Splitting the existing 8,066,550 issued and outstanding Class A Common Shares into 16,133,100 issued and outstanding Class A Common Shares
2. Deleting the entire paragraph 8 including sections (a) and (b) thereof on page 1A of the February 13, 2017 Articles of Amendment.



118554108v1



6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2018/08/28

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

CARDIOL THERAPEUTICS INC.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par : "David Elsley"

(Signature)
(Signature)

President

(Description of Office)
(Fonction)





BY-LAW NO.1

Amended and Restated as of August 28, 2018

A by-law relating generally to the conduct of the business and affairs of
CARDIOL THERAPEUTICS INC.
(herein called the "Corporation")

CONTENTS

1. Interpretation
2. Business of the Corporation
3. Directors
4. Meetings of Directors
5. Delegation
6. Officers
7. Protection of Directors, Officers and Others
8. Meetings of Shareholders
9. Shares
10. Dividends and Rights
11. Notices
12. Shareholder Agreements

BE IT ENACTED as a by-law of the Corporation as follows:

1. INTERPRETATION

1.01 In this by-law, unless the context otherwise requires:

- (a) **"Act"** means the *Business Corporations Act* (Ontario), and any statute that may be substituted therefore, as amended from time to time, and includes the Regulations made pursuant thereto, as amended from time to time;
- (b) **"articles"** means the Articles of Incorporation and/or other constituting of the Corporation as amended from time to time;
- (c) **"board"** means the board of directors of the Corporation;
- (d) **"by-laws"** means all by-laws, including special by-laws, of the Corporation as amended from time to time;
- (e) **"Corporation"** means this Corporation;
- (f) **"meeting of shareholders"** includes an annual meeting of shareholders and a special meeting of shareholders;
- (g) **"number of directors"** means the number of directors provided for in the articles or, where a minimum and maximum number of directors is provided for in the articles, the number of directors determined by a special resolution or resolution passed pursuant to the relevant provisions of the Act;

-
- (h) **"person"** includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his capacity as trustee, executor, administrator or other legal representative;

- "recorded address" means, in the case of a shareholder, the shareholder's address as recorded in the shareholders' register; and in the case of joint shareholders, the address appearing in the shareholders' register in respect of such joint holding or the first address so appearing if there is more than one; in the case of a director, officer, auditor or member of a committee of the board, his latest address as shown in the records of the Corporation or in the most recent notice filed under the *Corporations Information Act*, whichever is the more current. The secretary may change or cause to be changed the recorded address of any person in accordance with any information believed by him to be reliable.
- G) "special meeting of shareholders" means a special meeting of all shareholders entitled to vote at an annual meeting of shareholders and a meeting of any class or classes of shareholders entitled to vote on the question at issue.

1.02 In this by-law where the context requires, words importing the singular include the plural and vice versa and words importing gender include the masculine, feminine and neutral genders.

1.03 All the words and terms appearing in this by-law shall have the same definitions and application as in the Act.

1.04 If any of the provisions contained in this by-law are inconsistent with those contained in the articles or a unanimous shareholders agreement, the provisions contained in the articles or unanimous shareholders agreement, as the case may be, shall prevail.

2. BUSINESS OF THE CORPORATION

2.01 Corporate Seal - The seal of the Corporation shall be such as the directors may adopt. The Corporation may, but need not, have a corporate seal.

2.02 Financial Year - Unless and until another date has been effectively determined, the fiscal year or financial year of the Corporation shall end on December 31st in each year.

2.03 Execution of Instruments - Subject to any unanimous shareholder agreement, Deeds, transfers, assignments, contracts, obligations, certificates and other instruments, including instruments creating a security interest, shall be signed on behalf of the Corporation by any director or officer and when so signed shall be binding upon the Corporation without any further authorization or formality. Any signing officer may affix the corporate seal to any instrument requiring the same.

2.04 Registered Office - The shareholders may, by special resolution, from time to time change the municipality or geographic township within Ontario in which the registered office of the Corporation shall be located, unless and until such special resolution has been passed, the registered office shall be where initially specified in the articles. The directors shall from time to time fix the location of the registered office within such municipality or geographic township.

2.05 Banking - All matters pertaining to the banking of the Corporation shall be transacted with such banks, trust companies or other financial organizations as the board may designate or authorize from time to time. All such banking business shall be transacted on behalf of the Corporation pursuant to such agreements, instructions and delegations of powers as may, from time to time, be prescribed by the board.

3. DIRECTORS

3.01 Qualifications-Any individual may be a director of the Corporation except:

- (a) An individual who is less than eighteen years of age;
- (b) An individual who has been found under the *Substitute Decisions Act, 1992*, as amended, or under the Mental Health Act, as amended, to be incapable of managing property or who has been found to be incapable by a court in Canada or elsewhere;

- (c) An individual who has the status of a bankrupt.

A director need not be a shareholder.

3.02 Resident Canadians - At least twenty-five percent of the directors shall be resident Canadians but where the Corporation has less than four directors, at least one director shall be a resident Canadian.

3.03 Election and Term - The election of directors shall take place at the first meeting of shareholders and at each succeeding annual meeting of shareholders at which an election of directors is required. The directors shall hold office for an expressly stated term which shall expire not later than the close of the third annual meeting of shareholders following the election. A director not elected for an expressly stated term ceases to hold office at the close of the first annual meeting of shareholders following his election. Incumbent directors, if qualified, shall be eligible for re-election. The election may be by signed resolution. If an election of directors is not held at the proper time the incumbent directors shall continue in office until their successors are elected.

3.04 Resignation - A director who is not named in the articles may resign from office upon giving a written resignation to the Corporation and such resignation becomes effective when received by the Corporation or at the time specified in the resignation, whichever is later. A director named in the articles shall not be permitted to resign his office unless at the time the resignation is to become effective a successor is elected or appointed.

3.05 Removal - Subject to the provisions of the Act, the shareholders may, by ordinary resolution passed at an annual or special meeting remove any director or directors from office before the expiration of his term and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the directors.

3.06 Vacation of Office - A director ceases to hold office when he dies; he is removed from office by the shareholders; he ceases to be qualified for election as a director; or upon the effective date of his resignation in accordance with section 3.04 hereof.

3.07 Vacancies - Subject to the Act and any unanimous shareholder agreement, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number of directors or in the maximum number of directors or from a failure of the shareholders to elect the number of directors. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareholders to elect the number of directors, the board shall forthwith call a special meeting of shareholders to fill the vacancy. If the board fails to call such a meeting or if there are no such directors then in office, any shareholder may call the meeting.

4. MEETINGS OF DIRECTORS

4.01 Place of Meetings - Meetings of the board may be held at any place within or outside of Ontario. In any financial year of the Corporation a majority of the meetings of the board need not be held at a place within Canada.

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4.02 Powers - Subject to the express provisions of a unanimous shareholder agreement, the directors shall manage or supervise the management of the business and affairs of the Corporation.

4.03 Transaction of Business - Business may be transacted by resolutions passed meetings of directors or committees of directors at which a quorum is present or by resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or a committee of directors. A copy of every such resolution in writing shall be kept with the minutes of the proceedings of the directors or committee of directors.

4.04 Number - Until changed in accordance with the Act, the board shall consist of that number of directors, being a minimum of 1 and a maximum of 10, as determined from time to time by special resolution or, if the special resolution empowers the directors to determine a number, by the resolution of the board.

4.05 Meetings by Telephone or Electronic Facilities - If all the directors present at or participating in the meeting consent, any director may participate in a meeting of the board or of a committee of the board by means of such telephone, electronic or

other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such meeting by such means is deemed for the purposes of the Act and this by-law to be present at that meeting. A consent pursuant to this provision may be given before or after the meeting to which it relates and may be a "blanket" consent, relating to all meetings of the board and/or committees of the board.

4.06 Calling of Meetings - Meetings of the board shall be held from time to time at such place, at such time and on such day as the chairman of the board, the managing director, the president or a vice-president who is a director or any two directors may determine, and the secretary shall call meetings when directed or authorized by the president or by a vice-president who is a director or by any two directors. Notice of every meeting so called shall be given to each director not less than 48 hours (excluding any part of a Sunday and of a holiday as defined by the *Interpretation Act*) before the time when the meeting is to be held, except that no notice of meeting shall be necessary if all the directors are present and if those absent have waived notice of or otherwise signified their consent to the holding of such meeting. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified.

4.07 First Meeting of New Board - Each newly elected board of directors may without notice hold its first meeting immediately following the meeting of shareholders at which such board was elected if a quorum of directors is present.

4.08 Adjourned Meetings - Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

4.09 Regular Meetings - The board may appoint a day or days in any month or months for regular meetings at a place and hour to be named. A copy of any resolution of the board fixing the place and time of regular meetings of the board shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting, except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

4.10 Quorum - Subject to any unanimous shareholder agreement, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the number of directors.

4.11 Chairman - The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting:

- (i) Chairman of the Board;
- (ii) Managing Director;

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- (iii) President; or
- (iv) a Vice-President who is a director; or
- (v) Corporate Secretary.

If no such officer is present, the directors present shall choose one of their numbers to be chairman.

4.12 Votes to Govern - At all meetings of the board, every question shall be decided by a majority of the votes cast on the question.

4.13 Casting Vote - In the case of an equality of votes on any question at a meeting of the board, the chairman of the meeting shall not be entitled to a second or casting vote.

4.14 Disclosure of Interests in Contracts - Every director or officer of the Corporation who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or transaction, or a proposed material contract or transaction with the Corporation shall disclose in writing to the Corporation or request to have entered in the minutes of the meeting of

directors the nature and extent of his interest as required by the Act. Any such contract or transaction or proposed contract or transaction shall, except as provided by the Act, be referred to the board or shareholders for approval, and a director interested in a contract or transaction or proposed contract or transaction so referred to the board shall not vote on any resolution to approve same except as provided by the Act.

4.15 Resolution in Lieu of Meeting - A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or a committee of directors, is as valid as if it had been passed at a meeting of directors or a committee of directors. A copy of every such resolution shall be kept with the minutes of the proceedings of the directors or committee of directors.

4.16 Remuneration and Expenses - Subject to the articles or any unanimous shareholder agreement, the directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

5. DELEGATION

5.01 Managing Director and Committee of Directors - The board may appoint from their number a managing director who is a resident Canadian or a committee of directors, and delegate to such managing director or committee any of the powers of the board except those which, under the Act, a managing director or committee of directors has no authority to exercise. A majority of the members of such committee shall be resident Canadians.

5.02 Transaction of Business - The powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place within or without Ontario.

5.03 Procedure - Unless otherwise determined by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure. To the extent that the committee does not establish rules to regulate its procedure, the provisions of this by-law applicable to meetings of the board shall apply mutatis mutandis.

6. OFFICERS

6.01 Appointment - Subject to any unanimous shareholder agreement, the board may from time to time appoint a president, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation.

6.02 Terms of Employment, Duties and Remuneration - The terms of employment and remuneration of all officers elected or appointed by the board shall be determined from time to time and may be varied from time to time by the board.

6.03 Chairman of the Board - The board may from time to time also appoint a chairman of the board who shall be a director. If appointed, the board may assign to him any of the powers and duties that may by any provisions of this by-law be delegated to the managing director or to the president; and he shall, subject to the provisions of the Act, the articles or any unanimous shareholder agreement, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the managing director, if any, or by the president.

6.04 President - If appointed, the president shall in the absence of a chairman of the board of directors, be the chief executive officer and otherwise shall be the chief operating officer and, subject to the authority of the board, shall have general supervision of the business of the Corporation; and he shall have such other powers and duties as the board may specify. He shall, if present, preside at all meetings of the shareholders and of the directors. During the absence or disability of the managing director, or if no managing director has been appointed, the president shall also have the powers and duties of that office.

6.05 Vice-President - The vice-president, or if there are more than one, the vice-presidents in order of seniority (as determined by the board) shall be vested with all the powers and shall perform all the duties of the president in the absence or disability or refusal to act of the president, except that he shall not preside at meetings of the directors or shareholders unless he is qualified to attend meetings of directors or shareholders as the case may be. If a vice-president exercises any such duty or power, the absence or inability of the president shall be presumed with reference thereto. A vice-president shall also perform such duties and exercise such powers as the chief executive officer may from time to time delegate to him or the board may prescribe.

6.06 Secretary - The secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be custodian of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board or the chief executive officer may specify.

6.07 Treasurer - The treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions as treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the board or the chief executive officer may specify.

6.08 Powers and Duties of Other Officers - The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

6.09 Variation of Powers and Duties -The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

6.10 Term of Office - The board, in its discretion, may remove any officer of the Corporation, without prejudice to such officer's rights under any employment contract. Otherwise each officer appointed by the board shall hold office until his successor is appointed.

6.11 Disclosure - Conflict of Interest - An officer shall have the same duty to disclose his interest in a material contract or transaction or proposed material contract or transaction with the Corporation, as is, pursuant to the provisions of the Act and the by-laws, imposed upon the directors.

7. PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

7.01 Standard of Care - Every director and officer of the Corporation in exercising his powers and discharging his duties shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Every director and officer of the Corporation shall comply with the Act, the regulations, articles, by-laws and any unanimous shareholder agreement.

7.02 Limitation of Liability - Every director and officer of the Corporation in exercising his or her powers and discharging his or her duties shall act honestly and in good faith with a view to the best interest of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer of the Corporation shall be liable for:

- (i) the acts, omissions, failures, neglects or defaults of any other director, officer or employee,
- (ii) joining in any act for conformity,

- (iii) any loss, damage or expense suffered or incurred by the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation,
- (iv) the insufficiency or deficiency of any security in or upon which any of the monies of the Corporation shall be invested,
- (v) any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the monies, securities or effects of the Corporation shall be deposited,
- (vi) any loss occasioned by any error of judgment or oversight on the part of such director or officer, or
- (vii) any other loss, damage or misfortune which may happen in the execution of the duties of the office of such director or officer in relation thereto,

PROVIDED, however, that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

7.03 Indemnity of Directors and Officers - Subject to the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of such corporation or body corporate if,

- (i) he acted honestly and in good faith with a view to the best interests of the Corporation; and
- (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation shall indemnify such person in all such other matters, actions, proceedings and circumstances as may be permitted by the Act or the law.

7.04 Insurance - The Corporation may purchase and maintain insurance for the benefit of any person referred to in Section 6.02 of this by-law against any liability incurred by him:

- (a) in his capacity as a director, officer or otherwise, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the Corporation and/or such body corporate; or
- (b) in his capacity as a director, officer or otherwise, of another body corporate where he acts or acted in that capacity at the Corporation's request, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the body corporate.

8. MEETINGS OF SHAREHOLDERS

8.01 Annual Meetings -The annual meeting of shareholders shall be held at such time in each year and, subject to Section 8.03, at such place as the board, the chairman of the board, the managing director or the president may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

8.02 Special Meetings - The board, the chairman of the board, the managing director or the president shall have power to can a special meeting of the shareholders at any time.

8.03 Place of Meetings - Meetings of shareholders shall be held at the registered office of the Corporation or elsewhere in the municipality in which the registered office is situated or, if the board shall so determine, at some other place in or outside Canada.

8.04 Notice of Meetings - Subject to the articles and unless the unanimous shareholders agreement specifies otherwise, the notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section 11.01 not less than ten (10) nor more than fifty (50) days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date, if any, for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A shareholder may in any manner waive notice of or otherwise consent to a meeting of shareholders.

8.05 List of Shareholders Entitled to Notice - For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares entitled to vote at the meeting held by each shareholder. If a record date for the meeting is fixed pursuant to Section 8.06, the shareholders listed shall be those registered at the close of business on a day not later than ten (10) days after such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at a place where the securities register is kept and at the place where the meeting is held.

8.06 Record Date for Notice - The board may fix in advance a record date, preceding the date of any meeting of shareholders by not more than fifty (50) days and not less than twenty-one (21) days, for the determination of the shareholders entitled to notice of the meeting, provided that notice of any such record date is given not less than seven (7) days before such record date, in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be the close of business on the day immediately preceding the day on which the notice is given.

8.07 Waiving Notice - A shareholder and any other person entitled to attend a meeting of shareholders may in any manner and at any time waive notice of a meeting of shareholders, and attendance of any such person at a meeting of shareholders is a waiver of notice of meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

8.08 Meetings Without Notice - A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held; and
- (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact.

8.09 Chairman, Secretary and Scrutineers - The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: president, managing director, chairman of the board or a vice-president who is a shareholder. If no such officer is present within fifteen (15) minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

8.10 Persons Entitled to be Present - Subject to the articles, the only persons entitled to be present at a meeting of the shareholders shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

8.11 Quorum - Subject to any unanimous shareholder agreement, a quorum for the transaction of business at any meeting of shareholders shall be one or more persons present in person or represented by proxy holding at least 25% of the outstanding shares of the Corporation entitled to vote at the meeting and a meeting shall not continue with the transaction of any business in absence of a quorum.

8.12 Right to Vote - Subject to the provisions of the Act and any unanimous shareholder agreement, as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 8.05, every person who is named in such list shall be entitled to vote the shares shown thereon opposite his name except, where the Corporation has fixed a record date in respect of such meeting pursuant to section 8.06, to the extent that such person has transferred any of his shares after such record date and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, demands not later than ten (10) days before the meeting that his name be included to vote the transferred shares at the meeting. In the absence of a list prepared as aforesaid in respect of a meeting of shareholders, every person shall be entitled to vote at a meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

8.13 Proxies - Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his attorney and shall conform with the requirements of the Act.

8.14 Time for Deposit of Proxies - The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than forty-eight (48) hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, unless it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

8.15 Joint Shareholders - If two (2) or more persons hold shares jointly, any one of them present or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two (2) or more of those persons are present in person or represented by proxy and vote, they shall vote as one on the shares jointly held by them.

8.16 Votes to Govern - At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, and any unanimous shareholder agreement, be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall not be entitled to a second or casting vote.

8.17 Show of Hands - Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

8.18 Ballots - On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any

time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

8.19 Adjournments - If a meeting of shareholders is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given as for an original meeting.

8.20 Resolution in Writing - A resolution in writing signed by all of the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement or representation with respect to the subject matter of the resolution is submitted by a director or the auditors in accordance with the Act.

8.21 Only One Shareholder - Where the Corporation has only one shareholder or only one holder of any class or series of shares the shareholder present in person or by proxy constitutes a meeting.

8.22 Advance Notice of Director Nominations

(a) Subject to Section 8.22(b), nominations of persons for election as directors at a meeting of shareholders may be made only:

(i) by or at the direction of the Board;

(ii) pursuant to a proposal (as defined in the Act) or a requisition of a meeting of shareholders, in each case made in accordance with the Act; or

(iii) by a Nominating Shareholder who delivers a Nomination Notice to the Corporation within the Nomination Window by personal delivery to the Corporation's registered office addressed to the Chief Executive Officer or by fax or email (at the fax number or email address as stipulated from time to time by the Corporation under its profile on SEDAR at www.sedar.com).

(b) The Board may, prior to any meeting of shareholders, in its sole discretion, waive any requirement in this Section 8.22. Unless waived by the Board, a Nomination Window will not be changed by any adjournment or postponement of a meeting of shareholders, or the announcement of any adjournment or postponement.

(c) For the purposes this Section 8.22, the following terms have the following meanings:

(i) **"Local Time"** means the local time at the Corporation's registered office.

(ii) **"Meeting Announcement Date"**, in respect of a meeting of shareholders, means the date of the first public filing or announcement of the date of that meeting.

(iii) **"Nomination Notice"** means a written notice that sets out:

(A) all information that would be required to be disclosed, under the Act and applicable securities laws, in a dissident proxy circular in connection with solicitations of proxies for the election of directors relating to a Nominating Shareholder (as if that Nominating Shareholder were a dissident soliciting proxies) and each person whom that Nominating Shareholder proposes to nominate for election as a director;

(8) the class and number of shares of the Corporation held, directly or indirectly, by or on behalf of that Nominating Shareholder;

- (C) confirmation that the proposed nominees meet the qualifications of directors set out in the Act;
 - (D) information on the residency of each proposed nominee, for the purposes of determining whether the residency requirements set out in the Act will be met; and
 - (E) confirmation as to whether each proposed nominee is independent for the purposes of National Instrument 52-110.
- (iv) **"Nominating Shareholder"**, in respect of a meeting of shareholders, means a person who is a registered or beneficial holder of one or more shares of the Corporation carrying the right to vote on the election of directors at that meeting as of:
- (A) the record date for notice for that meeting; and
 - (8) the date on which the Nomination Notice is delivered to the Corporation.
- (v) **"Nomination Window"**, in respect of a meeting of shareholders, means:
- (A) in the case of an annual meeting:
 - (1) if that meeting is called for a date that is fewer than 50 days following the Meeting Announcement Date, the period starting at 9:00 a.m. (Local Time) on the Meeting Announcement Date and ending at 5:00 p.m. (Local Time) on the 10th day following the Meeting Announcement Date; and
 - (2) otherwise, the period starting at 9:00 a.m. (Local Time) on the date that is 65 days prior to the date of that meeting and ending at 5:00 p.m. (Local Time) on the date that is 30 days prior to the date of that meeting; or
 - (8) in the case of a special meeting (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes), the period starting at 9:00 a.m. (Local Time) on the Meeting Announcement Date and ending at 5:00 p.m. (Local Time) on the 15th day following the Meeting Announcement Date.

9. SHARES

9.01 Allotment - Subject to the Act, the articles and any unanimous shareholder agreement, the board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as prescribed by the Act.

9.02 Commissions - The board may from time to time authorize the Corporation to pay a commission to any person in consideration of his purchasing or agreeing to purchase shares in the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

9.03 Registration of Transfer - Subject to the provisions of the Act, the articles and any unanimous shareholder agreement, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered shareholder or by his attorney or successor duly appointed, or if uncertificated securities with a duly executed stock transfer, together with such reasonable assurance or evidence of signature, identification and authority to transfer as the board may from time to time prescribe, upon payment of all applicable taxes and

any fees prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles and upon satisfaction of any lien referred to in section 10.05.

9.04 Transfer Agents and Registrars - The board may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers of transfers, but one person may be appointed both registrar and transfer agent. The board may at any time terminate any such appointment.

9.05 Lien on Shares - Subject to the Act, and any unanimous shareholder agreement, the Corporation has a lien on any share or shares registered in the name of the shareholder or his legal representative for any debt of that shareholder to the Corporation.

9.06 Enforcement of Lien -The lien referred to in the preceding section may be enforced by any means permitted by law and:

- (a) where the shares are redeemable pursuant to the articles of the Corporation by redeeming such share or shares and applying the redemption price to the debt;
- (b) subject to the Act, by purchasing the share or shares for cancellation for a price equal to the book value of such share or shares and applying the proceeds to the debt;
- (c) by selling the share or shares to any third party whether or not such party is at arms-length to the Corporation, and including, without limitation, any officer or director of the Corporation for the best price which the directors consider to be obtainable for such share or shares; or
- (d) by refusing to register a transfer of such share or shares until the debt is paid.

9.07 Share Certificates - Except where the board has resolved to have uncertificated securities pursuant to Section 54(2) of the Act, every holder of one or more shares of the Corporation shall be entitled, at his option, to a share certificate, or to a non-transferable written acknowledgement of his right to obtain a share certificate, stating the number and class or series of shares held by him as shown on the securities register. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall be in such form as the board shall from time to time approve. Unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. A share certificate shall be signed manually by at least one director or officer of the Corporation or on behalf of the transfer agent and/or registrar. Any additional signatures required may be printed or otherwise mechanically reproduced. A share certificate executed as aforesaid shall be valid notwithstanding that one of the directors or officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

9.08 Replacement of Share Certificates -The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

9.09 Joint Shareholders - If two (2) or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

9.10 Deceased Shareholders - In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

10. DIVIDENDS AND RIGHTS

10.01 Dividends - Subject to the provisions of the Act, the articles and any unanimous shareholder agreement, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation or rights to acquire fully paid shares of the Corporation.

10.02 Dividend Cheques - A dividend payable in cash shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

10.03 Non-Receipt of Cheques - In the event of non-receipt of any dividend cheque or a claim that such a cheque was defaced, lost, stolen or destroyed by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

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10.04 Record Date of Dividends and Rights - Subject to any unanimous shareholder agreement, the board may fix in advance a date, preceding by not more than fifty (50) days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, provided that notice of any such record date is given, not less than seven (7) days before such record date in the manner provided in the Act. Where no record date is fixed in advance as aforesaid, the record date for the determination of persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

10.05 Unclaimed Dividends - Any dividend unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

11. NOTICES

11.01 Method of Giving Notice - Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid ordinary or air mail or if sent to him at his recorded address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by him to be reliable.

The recorded address of a director shall be his latest address as shown in the records of the Corporation or in the most recent notice filed under the *Corporations Information Act*, whichever is the more current.

11.02 Notice to Joint Shareholders - If two (2) or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.

11.03 Computation of Time - In computing the date when notice must be given under any provision requiring a specific number of days notice of any meeting or other event, the date of giving of notice shall be excluded and the date of the meeting or other event shall be excluded.

11.04 Undelivered Notices - If any notice given to a shareholder pursuant to section I 0.0 I is returned on three (3) consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

11.05 Omissions and Errors - The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof, shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

11.06 Persons Entitled by Death or Operation of Law - Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

11.07 Waiver of Notice - Any shareholder (or his duly appointed proxyholder), director, officer, auditor, or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provisions of the Act, the regulations thereunder, the articles, the by laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board which may be given in any manner.

12. SHAREHOLDER AGREEMENTS

12.01 Shareholder Agreements - This by-law and all other by-laws of the Corporation are subject to the terms and conditions of any agreement made by the Corporation from time to time.

ORIGINALLY ENACTED on January 19, 2017, amended by resolutions of the directors of the Corporation dated August 14, 2018 and August 27, 2018 and confirmed by Shareholders of the Corporation at the Annual and Special Meeting of Shareholders on August 28, 2018.

"David Elsley"

David Elsley - President

CARDIOL THERAPEUTICS INC.

EQUITY COMPENSATION PLAN

AMENDED AND RESTATED JUNE 1, 2020

1. PURPOSE

This Equity Compensation Plan, as amended (the “**Plan**”), is intended to advance the interests of Cardiol Therapeutics Inc. (the “**Corporation**”) and its security holders by attracting, retaining and motivating the performance of selected directors, officers, employees, or service providers of the Corporation of high caliber and potential upon whose judgement, initiative and effort, the Corporation is largely dependent for the successful conduct of its business, and to encourage and enable such Persons to acquire and retain a proprietary interest in the Corporation by ownership of its securities.

The Plan permits the grant of Options (as defined herein) and the grant or issue of Share-Based Awards (as defined herein) pursuant to the terms and conditions of the Plan provided herein.

2. DEFINITIONS

The following words and terms shall have the following meanings:

“**Act**” means the *Business Corporations Act* (Ontario) RSO 1990, c B.16;

“**Administrator**” has the meaning ascribed to that term under Section 3.1;

“**Applicable Laws**” means, at any time, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (whether or not having the force of law) all applicable official directives, rules, consents, approvals, by-laws, permits, authorizations and orders of any Governmental Authority having authority over that Person, property, transaction or event;

“**Award**” means, individually or collectively, a grant under this Plan of Options, or a grant or issue under this Plan of Share-Based Awards, in each case subject to the terms of this Plan;

“**Black Out Period**” means the period during which designated Persons cannot trade Shares of the Corporation pursuant to any policy of the Corporation respecting restrictions on trading which is in effect at that time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Corporation, or in respect of an Insider, that Insider, is subject);

“**Board**” means the board of directors of the Corporation;

“**Change of Control Transaction**” means: (i) the acquisition of a sufficient number of voting securities in the capital of the Corporation so that the acquiror, together with Persons acting jointly or in concert with the acquiror, becomes entitled, directly or indirectly, to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Corporation (provided that, prior to the acquisition, the acquiror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Corporation); (ii) the completion of a consolidation, merger, arrangement or amalgamation of the Corporation with or into any other entity whereby the voting security holders of the Corporation immediately prior to the consolidation, merger, arrangement or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged, arranged or amalgamated entity; or (iii) the completion of a sale whereby all or substantially all of the Corporation’s undertakings and assets become the property of any other entity and the voting securityholders of the Corporation immediately prior to the sale hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale;

“**Commission**” means the Ontario Securities Commission;

“**Director**” means a director of the Corporation or any Subsidiary;

“**Employee**” means an employee or officer of the Corporation or any Subsidiary, whether a Director or not, and includes both full-time and part-time employees of the Corporation. For avoidance of doubt, the term “Employee” includes Non-Executive Employees;

“**Event**” has the meaning ascribed to that term under Section 4.2;

“**Exchange**” means the Toronto Stock Exchange or any stock exchange or quotation system in Canada where the Common Shares are listed on or through which the Common Shares are listed or quoted;

“**Expiry Date**” has the meaning ascribed to that term under Section 5.6;

“**Governmental Authority**” means (i) any federal, provincial, state, local, municipal, regional, territorial, aboriginal or other government, any governmental or public department, branch or ministry, or any court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and (ii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them;

“**Grant Date**” has the meaning ascribed to that term under Section 5.1;

“**Independent Director**” means a Director who is not an Employee;

“**insider**” has the meaning ascribed to that term in the Securities Act (*Ontario*) from time to time;

“**Market Price**” means the closing price of the Shares on the Exchange, or another stock exchange where the majority of the trading volume and value of the Shares occurs, the day immediately preceding the relevant date;

“**Non-Executive Employee**” means an Employee who is not an insider of the Corporation or any Subsidiary;

“**Option**” means a stock option granted to a Director, Employee or Service Provider under the Plan to purchase a Share of the Corporation;

“**Option Certificate**” has the meaning ascribed to that term under Section 5.3; “**Option Period**” has the meaning ascribed to that term under Section 5.4;

“**Participant**” means a Director, Employee or Service Provider to whom an Option or Share-Based Award has been granted or issued, as the case may be, pursuant to the Plan;

“**Person**” will be broadly interpreted and includes: (i) a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person; (ii) corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and (iii) a Governmental Authority;

“**Service Provider**” means a Person or company engaged by the Corporation or a Subsidiary to provide services for an initial, renewable or extended period of twelve months or more;

“**Share**” means a Class A common share in the capital of the Corporation;

“**Share-Based Awards**” means a Share award granted or issued to a Non-Executive Employee, an Independent Director or a Service Provider under the Plan;

“**Share-Based Award Agreement**” has the meaning ascribed to that term under Section 6.3; and

“**Subsidiary**” means a body corporate that is controlled by the Corporation and, for the purposes of this definition, a body corporate will be deemed to be controlled by the Corporation if the Corporation, directly or indirectly, has the power to direct the management and policies of the body corporate by virtue of ownership of, or direction over, voting securities in the body corporate.

3. ADMINISTRATION

3.1 Administration

The Plan shall be administered by the Board. The Board may make, amend and repeal at any time and from time to time such regulations as it may deem necessary or advisable for the proper administration and operation of the Plan and such regulations shall form part of the Plan. The Board may delegate to any Director or Employee of the Corporation (the “**Administrator**”) such administrative duties and powers as it may see fit.

3.2 INTERPRETATION

The interpretation by the Board of any of the provisions of the Plan and any determination by it pursuant thereto shall be final and conclusive and shall not be subject to any dispute by any Participant. No member of the Board or any Person acting pursuant to authority delegated by the Board hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such Person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Corporation.

4. SHARES SUBJECT TO PLAN

4.1 Number of Shares

Subject to adjustment pursuant to the provisions of Section 4.2 hereof, the number of Shares pursuant to the Plan (together with the Shares which may be issuable pursuant to any other securities based compensation arrangement of the Corporation) shall not exceed 13% of the issued Shares of the Corporation from time to time.

The number of Shares pursuant to the Plan which may be issuable pursuant to exercise of Options shall not exceed 10% of the issued Shares of the Corporation from time to time. Options shall only be granted to bona fide Directors, Employees and Service Providers. The maximum number of Share-Based Awards granted or issued in any fiscal year shall not exceed 3% of the issued and outstanding Shares of the Corporation on the first day of such fiscal year. Share-Based Awards shall only be granted or issued to bona fide Non-Executive Employees, Independent Directors and Service Providers.

This Plan is an “evergreen” plan whereby the number of Shares equivalent to the number of Awards that have been issued, exercised, terminated, cancelled, redeemed, repurchased or expired, at any time, are immediately re-reserved for issuance under the Plan and available for future issuances subject to the limits contained herein.

4.2 Adjustments

In the event (the occurrence of which is hereinafter referred to as an “**Event**”) that (i) there are any changes in the capital structure of the Corporation through stock splits, consolidations, reclassifications, changes in or elimination of par value shares, or (ii) any dividends or other distributions are made to holders of Shares, or (iii) any rights to purchase Shares at prices substantially below Market Price are granted to holders of Shares of the Corporation, or (iv) as a result of any other recapitalization, merger or consolidation, the Shares of the Corporation are converted into or exchangeable for any other securities, then in any such case the Corporation may make such adjustments in the right to purchase granted hereby as may be required to prevent substantial dilution or enlargement of the rights granted to or available for the Participant hereunder. No fractional Shares shall be issued upon the exercise of the Awards, as applicable, and

accordingly, if as a result of the Event, a Participant would become entitled to a fractional Share, such Participant shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded. Additionally, no lots of Shares in an amount less than 500 Shares shall be issued upon the exercise of Options unless such amount of Shares represents the balance left to be exercised under Options.

4.3 Insider Participation Limits

The aggregate number of Shares issuable to insiders of the Corporation within any one year period under the Plan, or when combined with all of the Corporation's other security based compensation arrangements, shall not exceed 10% of the Corporation's total issued and outstanding Shares.

The aggregate number of Shares reserved for issuance to all insiders of the Corporation, at any time, under the Plan, or when combined with all of the Corporation's other security based compensation arrangements, shall not exceed 10% of the Corporation's total issued and outstanding Shares.

5. OPTIONS

5.1 Grant of Options

The Board or Administrator shall, from time to time, in its sole discretion, determine those Directors, Employees and Service Providers, if any, to whom Options are to be granted. If the Board elects to grant Options to a Director, the Board shall, in its sole discretion, determine the number of Shares to be acquired on the exercise of such Options. If the Board elects to grant Options to an Employee, the number of Shares to be acquired on the exercise of such Options shall be determined by the Board in its sole discretion, and in so doing the Board may take into account the following criteria:

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- (a) the annual salary of the Employee as at the date the Options are granted (the "**Grant Date**") in relation to the total annual salaries payable by the Corporation to all of its Employees as at the Grant Date;
- (b) the length of time that the Employee has been employed by the Corporation; and
- (c) the quality and importance of the work performed by the Employee.

If the Board elects to grant Options to a Service Provider, the Board shall, determine the number of Shares to be acquired on the exercise of such Options based on such other considerations as the Board in its sole discretion may determine with regard to Service Providers.

5.2 Exercise Price

The exercise price of the Shares covered by Options shall be determined by the Board. While the Shares are listed on the Exchange, the exercise price shall not be less than the Market Price of the Shares at the time the Options are granted.

If the Shares are listed on an exchange other than the Exchange, the exercise price will be determined in accordance with the policies of such other exchange, or in the absence thereof, will be determined as the closing sales price of such Shares (or the closing bid, if no sales were reported) as quoted on such exchange for the market trading date immediately prior to the time of determination less any discount permitted by such exchange.

If the Shares are not listed on an exchange, the exercise price shall be determined in good faith by the Board.

5.3 Exercise of Option

Any Option may be exercised only by the Participant. All Options granted hereunder shall be evidenced by an option certificate ("**Option Certificate**"), substantially in the form as set out in Schedule "A" or in such other form as the Administrator may approve from time to time. A Participant may exercise an Option in whole or in part, subject to Section 5.6 at any time or from time to time during the Option Period (as hereinafter defined) up to 5:00 p.m. local time in Toronto, Ontario on the Expiry Date (as hereinafter defined) by delivering

to the Corporation the applicable Option Certificate, a completed Option Exercise Notice, in substantially the form attached hereto as Schedule “B”, and a certified cheque or bank draft to be purchased pursuant to the exercise of the Options. Participants who exercise Options and become the owners of Shares may be required, as a condition of issuance, to execute a voting trust agreement.

5.4 Term

- (a) Subject to Sections 5.4(b) and 5.7, the term (the “**Option Period**”) of any Options granted under the Plan will be determined by the Board and may not exceed ten (10) years from the Grant Date.

- (b) Should the Expiry Date (as hereinafter defined) for Options fall within a Black Out Period or within nine business days following the expiration of a Black Out Period, such Expiry Date shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black Out Period, such tenth business day to be considered the Expiry Date for such Option for all purposes under the Plan.

5.5 Vesting

Options which are subject to vesting, shall vest and may be exercised (in each case to the nearest full Share) during the Option Period in the manner set out below unless determined otherwise by the Board by resolution (and set forth in an Option Certificate):

- (a) one-third of the Shares subject to an Option Certificate shall vest on the first anniversary of the date of such Option Certificate;
- (b) one-third of the Shares subject to an Option Certificate shall vest on the second anniversary of the date of such Option Certificate; and
- (c) the remaining one-third of the Shares subject to an Option Certificate shall vest on the third anniversary of the date of such Option Certificate.

Options which have vested may be exercised in whole or in part at any time and from time to time during the Option Period.

5.6 Duration of Options

The Options and all rights thereunder shall be expressed to expire on the date set out in the Option Certificate, and shall be subject to earlier termination as provided in Sections 5.7 and 7 (the “**Expiry Date**”).

5.7 Termination of Options

A Participant may exercise Options in whole or in part at any time or from time to time during the period in which particular Options may be exercised. However, the Board may at any time fix a minimum or maximum number of Shares which a Participant may exercise pursuant to his or her Options. Any Options or part thereof not exercised within the Option Period shall terminate and become null, void and of no further force and effect at 5:00 p.m. local time in Toronto, Ontario, on the Expiry Date. Subject to any additional more limiting terms as determined by the Board, the Expiry Date of Options shall be the earlier of the date so fixed by the Board at the time the Options are granted and the date established, if applicable, in paragraphs (a) to (c) below.

- (a) Ceasing to Hold Office

If the Participant holds his or her Options as a Director of the Corporation and such Participant ceases to be a Director of the Corporation, other than by reason of death, then the Expiry Date of the Options shall be 90 days following the date the Participant ceases to be a Director of the Corporation, provided that, the Board shall have the discretion, upon a Participant ceasing to act as a Director, to waive the 90 day Option termination requirement, and to permit the Participant to exercise any Options for the full term of the Options, unless the Participant ceases to be a Director of the Corporation as a result of:

- (i) ceasing to meet the qualifications set forth in section 118(1) of the Act; or
- (ii) an ordinary resolution having been passed by the shareholders of the Corporation pursuant to subsection 122(1) of the Act; or
- (iii) an order of the Commission, the Exchange, or any regulatory body having jurisdiction to so order;

in which case the Expiry Date shall be the date the Participant ceases to be a Director of the Corporation.

(b) Ceasing to be Employed

If the Participant holds his or her Options as an Employee or Service Provider of the Corporation and such Participant ceases to be an Employee or Service Provider of the Corporation, other than by reason of death, then the Expiry Date of the Options shall be 90 days following the date the Participant ceases to be an Employee or Service Provider of the Corporation, provided that, the Board shall have the discretion, upon a Participant ceasing to act as an Employee or Service Provider of the Corporation, to waive the 90 day Option termination requirement, and to permit the Participant to exercise any Options for the full term of the Options, unless the Participant ceases to be an Employee or Service Provider of the Corporation as a result of:

- (i) termination for cause; or
- (ii) an order of the Commission, the Exchange, or any regulatory body having jurisdiction to so order;

in which case the Expiry Date shall be the date the Participant ceases to be an Employee or Service Provider of the Corporation. For greater clarity, and for all purposes of the Plan, the “date that the Participant ceases to be an Employee or Service Provider of the Corporation” means the date designated by the Corporation as the effective date on which the Participant ceases, for any reason whatsoever, to perform services for or to be employed by the Corporation. For greater clarity, such date will be determined in the sole discretion of the Corporation without regard to any applicable notice of termination, severance or termination pay, compensation in lieu of notice, or any claim by the Participant thereto (whether express, implied, contractual, statutory, or arising otherwise under Applicable Laws), provided that, in the case of voluntary termination by the Participant, such date may not be earlier than the date that notice of voluntary termination was first provided by the Participant to the Corporation.

(c) Death

If the Participant dies, then the Expiry Date shall be one year from the date of death of the Participant. In the event of the death of an Participant, the Participant’s Options shall be exercised only within one year next succeeding such death and then only:

- (i) by the Person or Persons to whom the Participant’s rights under the Options shall pass by the Participant’s will or the laws of descent and distribution; and
- (ii) to the extent that the Participant was entitled to exercise the option at the date of the Participant’s death.

6. SHARE-BASED AWARDS

6.1 Grant or Issue of Share-Based Awards

The Administrator may grant an award to receive Shares as part of, or issue Shares in satisfaction of, a Participant's compensation (including, but not limited to, salary, bonus, Directors' fees, consulting fees or other forms of compensation) in such amounts and subject to such terms and conditions, including, but not limited to, being subject to performance criteria, or in satisfaction of such obligations, as the Administrator shall determine, subject to Section 4.1 hereof.

All Share-Based Awards granted or issued hereunder shall be evidenced by an agreement ("**Share-Based Award Agreement**") between the Corporation and the Participant, in such form as the Administrator may approve from time to time.

6.2 Termination of Employment

Each Share-Based Award Agreement shall set forth the extent to which the Participant shall have the right to receive Share-Based Awards following termination of the Participant's employment or other relationship with the Corporation. Such provisions shall be determined in the sole discretion of the Administrator, need not be uniform among all Share-Based Awards issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

6.3 Non-transferability of Share-Based Awards

Except as otherwise provided in a Participant's Share-Based Award Agreement, at the time of grant or issue or thereafter by the Administrator, Share-Based Awards (other than Shares issued to a Participant pursuant to a Share-Based Award) may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Share-Based Award Agreement at the time of grant or thereafter by the Administrator, a Participant's rights under the Plan shall be exercisable during such Participant's lifetime only by such Participant.

7. CHANGE IN CONTROL

Despite any other provision of this Plan, in the event of an actual or potential Change of Control Transaction, the Board has the right, in its sole discretion and on the terms it sees fit, without any action or consent required on the part of any Participant, to deal with any Awards (or any portion of any Awards) in the manner it deems equitable and appropriate in the circumstances, including the right to: (i) determine that any Awards (or any portion of any Awards) will remain in full force and effect in accordance with their terms after the Change of Control Transaction; (ii) cause any Awards (or any portion of any Awards) to be converted or exchanged for options to acquire shares of another entity involved in the Change of Control Transaction, having the same value and terms and conditions as the Awards; (iii) accelerate the vesting of any unvested Awards; (iv) provide Participants with the right to surrender any Awards (or any portion of any Awards) for an amount per underlying Share equal to the positive difference, if any, between the fair market value of the Share on the date of surrender and the Option exercise price of such Awards, if applicable; and (v) accelerate the date by which any Awards (or any portion of any Awards) must be exercised.

8. ASSIGNMENT OF AWARDS

All benefits, rights and Awards accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of a Participant any benefits, rights and Awards may only be exercised by the Participant.

9. AMENDMENT AND TERMINATION

9.1 Prospective Amendment

The Board may from time to time amend the Plan and the terms and conditions of any Awards granted hereunder, provided that any such amendment, modification or change to the provisions of the Plan shall:

- (a) not adversely alter or impair Awards previously granted except as permitted by Section 4.2;
- (b) be subject to any regulatory approvals, where required, including the approval of the Exchange, where necessary;

- (c) be subject to shareholder approval in accordance with the rules of the Exchange in circumstances where the amendment, modification or change to the Plan or Awards would:
 - (i) reduce the exercise price of Awards held by an insider of the Corporation;
 - (ii) extend the term of Awards held by an insider of the Corporation beyond the original Option Period (other than such period being extended by virtue of Section 5.4(b));
 - (iii) amend to remove or to exceed the insider participation limits in Section 4.3;
 - (iv) increase the fixed maximum percentage of issued and outstanding Shares which may be issued pursuant to the Plan or change from a fixed maximum percentage of issued and outstanding Shares to a fixed maximum number of Shares; or
 - (v) amend this section 9.1; and
- (d) not be subject to shareholder approval in circumstances where the amendment, modification or change to the Plan or Awards would:
 - (i) be of a “housekeeping nature”, including any amendment to the Plan or Awards that is necessary to comply with applicable laws, tax or accounting provisions or the requirements of any regulatory authority or stock exchange and any amendment to the Plan or Awards to correct or rectify any ambiguity, defective provision, error or omission therein, including any amendment to any definitions therein;

- (ii) be necessary for Awards to qualify for favourable treatment under applicable tax laws;
- (iii) alter, extend or accelerate any vesting terms or conditions in the Plan or Awards;
- (iv) introduce, amend or modify any mechanics for exercising any Awards (including relating to a cashless exercise feature or an automatic exercise feature);
- (v) change the Option Period or change any termination provision in the Plan or any Award (for example, relating to termination of employment, resignation, retirement or death), provided that such change does not entail an extension beyond the original Option Period of such Awards (other than such period being extended by virtue of Section 5.4(b));
- (vi) introduce a share appreciation right feature, payable in cash or Shares, provided that such feature provides for a full deduction of the number of underlying Shares from the Plan maximum, as applicable;
- (vii) change the application of Section 4.2 (Adjustments) or Section 7 (Change in Control);
- (viii) add a form of financial assistance or amend a financial assistance provision which is adopted; or
- (ix) change the eligible participants under the Plan.

The Board may terminate the Plan at any time provided that such termination shall not alter the terms or conditions of any Awards or impair any right of any Participant pursuant to any Awards granted prior to the date of such termination and notwithstanding such termination, such Awards shall continue to be governed by the provisions of the Plan, which shall survive the termination for such purpose.

9.2 Applicable Laws or Regulations

The Corporation's obligation to sell and deliver Shares under each Award is subject to compliance with all Applicable Laws applying to the authorization, issuance, listing or sale of securities and, if the Shares of the Corporation are listed on a stock exchange, is also subject to such stock exchange accepting for listing the shares which may be issued upon the exercise thereof. The Corporation may request that a Participant demonstrate compliance with securities laws outside of Ontario, if applicable, to the exercise of Awards.

9.3 Taxes and Source Deductions

The Corporation or any Subsidiary may take such reasonable steps for the deduction and withholding of any taxes and other required source deductions that the Corporation or the Subsidiary, as the case may be, is required by Applicable Laws or the requirements of any Governmental Authority to withhold, deduct or remit in connection with this Plan, any exercise or surrender of any Award, or a portion thereof, by an Participant or any issuance of Shares to an Participant. Without limiting the generality of the foregoing, the Corporation may, in its discretion:

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- (a) deduct and withhold amounts from any cash remuneration or other amount payable to the Participant, whether or not such remuneration or amount payable is related to the Plan, the exercise or surrender of any Award, or portion thereof, or any issuance of Shares to an Participant;
- (b) allow the Participant to make a cash payment to the Corporation equal to the amount the Corporation determines it is required to withhold, deduct or remit in connection with any exercise or surrender by the Participant of any Award, or portion thereof, or any issuance of Shares, which amount shall be remitted by the Corporation to the appropriate Governmental Authority for the account of the Participant;
- (c) arrange for the sale on behalf of an Participant of that number of Shares issued upon an exercise or surrender of Awards, or a portion thereof, such that the proceeds, net of any brokerage commissions, to be delivered to the Corporation shall be sufficient to satisfy any and all taxes required to be remitted by the Corporation for the account of the Participant.

If the Corporation considers that the steps undertaken in connection with the foregoing result in inadequate withholding or a late remittance of taxes, the delivery of any Shares to be issued to a Participant on the exercise or termination of Awards by the Participant, may be made conditional upon the Participant (or other Person) reimbursing or compensating the Corporation or making arrangements satisfactory to the Corporation for the payment to it in a timely manner of all taxes required to be remitted for the account of the Participant.

10. APPROVALS REQUIRED FOR PLAN

The Plan must be approved by the Exchange and by the shareholders of the Corporation (which approvals have been obtained).

11. EFFECTIVE DATE OF PLAN

The Plan has been adopted by the Board subject to the approval of the Exchange and the shareholders of the Corporation and, if so approved, the Plan shall become effective upon such approval being obtained.

12. NOTICES

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

Cardiol Therapeutics Inc.
2265 Upper Middle Rd. E., Suite 602
Oakville, ON, Canada
L6H 0G5
Attn: David Elsley
Email: david.elsley@cardiolrx.com

Any notice given by a Participant pursuant to the terms of Awards will not be effective until actually received by the Corporation at the above address.

13. INTERPRETATION

This Plan is established under and the provisions of the Plan shall be interpreted and construed in accordance with the laws of the Province of Ontario.

IN WITNESS WHEREOF the Corporation has executed and delivered this Equity Compensation Plan, as amended and restated, as of the 1st day of June, 2020.

CARDIOL THERAPEUTICS INC.

Per: "David Elsley"
Authorized Signatory

SCHEDULE A

**CARDIOL THERAPEUTICS INC.
STOCK OPTION CERTIFICATE**

This Option Certificate is issued pursuant to the provisions of the Corporation's Equity Compensation Plan (the "**Plan**"). Capitalized terms herein shall have the meanings set out in the Plan. This Option Certificate evidences that _____ is the holder of Options to purchase up to _____ Shares at an exercise price of \$per Share. Subject to the provisions of the Plan:

- (a) the Grant Date of the Options is _____; and
- (b) the Expiry Date of the Options is _____.

These Options vest as set forth in Section 5.5 of the Stock Option Plan.

[OR

These Options vest on the following terms:

Other Restrictions:

Subject to the vesting provisions noted above, this Option may be exercised from the Grant Date until 5:00 p.m. local time in Toronto, Ontario on the Expiry Date, by delivering to the Administrator of the Plan an Option Exercise Notice, in the form provided in the Plan,

together with this Option Certificate and a certified cheque or bank draft payable to **CARDIOL THERAPEUTICS INC.** or as the Corporation may direct, in an amount equal to the aggregate of the exercise price of the Shares in respect of which the Options are being exercised; provided that the Participant will have satisfied the conditions precedent, if any, to the exercise of the Options set out in the Plan. When due notice and payment are received, the Corporation covenants and agrees to issue and deliver to the Participant Share certificates in the name of the Participant for the number of Shares so purchased.

It is a condition of the exercise of any vested Options that the Participant be bound by a voting trust agreement in the Corporation's standard form authorizing the Chief Executive Officer of the Corporation to exercise the votes associated with the Shares to be purchased for so long as the Corporation is not a reporting issuer.

This Option Certificate and the Options evidenced hereby are not assignable, transferable or negotiable. This Option Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and records of the Corporation shall prevail.

THE EXERCISE/SURRENDER OF THESE OPTIONS ARE SUBJECT TO THE TERMS AND RESTRICTIONS SET OUT IN THE PLAN.

Dated this _____ day of _____, 20____

CARDIOL THERAPEUTICS INC.

ACKNOWLEDGED BY:

Per:

Per:

Authorized Signatory

Name of Holder

SCHEDULE B

CARDIOL THERAPEUTICS INC

OPTION EXERCISE NOTICE

To: CARDIOL THERAPEUTICS INC. (the "Corporation")

Capitalized terms herein shall have the meanings set out in the Corporation's Equity Compensation Plan (the "**Plan**"). The undersigned hereby irrevocably gives notice, pursuant to the Plan, of the exercise of the Options to acquire and hereby subscribes for (cross out inapplicable item):

- (a) all of the Shares; or
- (b) _____ of the Shares;

which are the subject of the Option Certificate held by the undersigned evidencing the undersigned's Options to purchase said Shares.

Calculation of total exercise price:

- (i) number of Shares to be acquired on exercise _____ Shares

(ii) multiplied by the exercise price per Share: \$ _____

TOTAL EXERCISE PRICE, enclosed herewith: \$ _____

The undersigned tenders herewith a certified cheque or bank draft (circle one) in the amount of \$ _____ payable to the Corporation in an amount equal to the total exercise price of the aforesaid Shares, as calculated above, and directs the Corporation to issue the certificate evidencing said Shares in the name and address of the undersigned to be delivered to the undersigned at the following address (no post office box numbers):

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DATED the _____ day of _____, 20__

Signature of Witness

Signature of Participant

Name of Witness (please print)

Name of Participant (please print)

Registration address (if different from mailing address)

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CARDIOL THERAPEUTICS INC
OMNIBUS EQUITY INCENTIVE PLAN

May 21, 2021

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OMNIBUS EQUITY INCENTIVE PLAN

ARTICLE 1 PURPOSE

1.1 Purpose

The purpose of this Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Employees and Consultants of the Corporation and its subsidiaries, if any, to reward such of those Directors, Employees and Consultants as may be granted Awards under this Plan by the Board from time to time for their contributions toward the long-term goals and success

of the Corporation and to enable and encourage such Directors, Employees and Consultants to acquire Shares as long-term investments and proprietary interests in the Corporation.

ARTICLE 2 INTERPRETATION

2.1 Definitions

When used herein, unless the context otherwise requires, the following terms have the indicated meanings, respectively:

“**Affiliate**” means any entity that is an “**affiliate**” for the purposes of National Instrument 45-106

– *Prospectus Exemptions* of the Canadian Securities Administrators, as amended from time to time;

“**Award**” means any Option, Restricted Share Unit, Performance Share Unit, Deferred Share Unit or Share-Based Awards granted under this Plan which may be denominated or settled in Shares, cash or in such other form as provided herein;

“**Award Agreement**” means a signed, written agreement between a Participant and the Corporation, in the form or any one of the forms approved by the Plan Administrator, evidencing the terms and conditions on which an Award has been granted under this Plan and which need not be identical to any other such agreements;

“**Board**” means the board of directors of the Corporation as it may be constituted from time to time;

“**Business Day**” means a day, other than a Saturday or Sunday, on which the principal commercial banks in the City of Toronto are open for commercial business during normal banking hours;

“**Canadian Taxpayer**” means a Participant that is resident of Canada for purposes of the *Tax Act*; “**Cash Fees**” has the meaning set forth in Subsection 7.1(a);

“**Cashless Exercise**” has the meaning set forth in Subsection 4.5(b);

“**Cause**” means, with respect to a particular Participant:

- (a) “cause”(or any similar term) as such term is defined in the employment or other written agreement between the Corporation or a subsidiary of the Corporation and the Employee;
- (b) in the event there is no written or other applicable employment or other agreement between the Corporation or a subsidiary of the Corporation or “cause” (or any similar term) is not defined in such agreement, “cause” as such term is defined in the Award Agreement; or
- (c) in the event neither (a) nor (b) apply, then “cause” as such term is defined by applicable law or, if not so defined, such term shall refer to circumstances where
 - (i) an employer may terminate an individual’s employment without notice or pay in lieu thereof or other damages, or (ii) the Corporation or any subsidiary thereof may terminate the Participant’s employment without notice or without pay in lieu thereof or other termination fee or damages, or (iii) the Corporation or any subsidiary thereof may terminate the Participant’s employment without providing the minimum entitlements to notice and, if applicable, severance pay under provincial employment standards legislation;

“**Change in Control**” means the occurrence of any one or more of the following events:

- (a) any transaction at any time and by whatever means pursuant to which any Person or any group of two (2) or more Persons acting jointly or in concert hereafter acquires the direct or indirect “**beneficial ownership**” (as defined in the

Securities Act (Ontario)) of, or acquires the right to exercise Control or direction over, securities of the Corporation representing more than 50% of the then issued and outstanding voting securities of the Corporation, including, without limitation, as a result of a take-over bid, an exchange of securities, an amalgamation of the Corporation with any other entity, an arrangement, a capital reorganization or any other business combination or reorganization;

- (b) the sale, assignment or other transfer of all or substantially all of the consolidated assets of the Corporation to a Person other than a subsidiary of the Corporation;
- (c) the dissolution or liquidation of the Corporation, other than in connection with the distribution of assets of the Corporation to one (1) or more Persons which were Affiliates of the Corporation prior to such event;
- (d) the occurrence of a transaction requiring approval of the Corporation's shareholders whereby the Corporation is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any other Person (other than a short form amalgamation or exchange of securities with a subsidiary of the Corporation);
- (e) individuals who comprise the Board as of the date hereof (the "**Incumbent Board**") for any reason cease to constitute at least a majority of the members of the Board,

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unless the election, or nomination for election by the Corporation's shareholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, and in that case such new director shall be considered as a member of the Incumbent Board; or

- (f) any other event which the Board determines to constitute a change in control of the Corporation;

provided that, notwithstanding clause (a), (b), (c) and (d) above, a Change in Control shall be deemed not to have occurred if immediately following the transaction set forth in clause(a), (b),

(c) or (d) above: (A) the holders of securities of the Corporation that immediately prior to the consummation of such transaction represented more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors of the Corporation hold

(x) securities of the entity resulting from such transaction (including, for greater certainty, the Person succeeding to assets of the Corporation in a transaction contemplated in clause (b) above) (the "**Surviving Entity**") that represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors or trustees ("**voting power**") of the Surviving Entity, or (y) if applicable, securities of the entity that directly or indirectly has beneficial ownership of 100% of the securities eligible to elect directors or trustees of the Surviving Entity (the "**Parent Entity**") that represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors or trustees of the Parent Entity, and (B) no Person or group of two or more Persons, acting jointly or in concert, is the beneficial owner, directly or indirectly, of more than 50% of the voting power of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) (any such transaction which satisfies all of the criteria specified in clauses (A) and (B) above being referred to as a "**Non-Qualifying Transaction**" and, following the Non-Qualifying Transaction, references in this definition of "**Change in Control**" to the "**Corporation**" shall mean and refer to the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) and, if such entity is a company or a trust, references to the "**Board**" shall mean and refer to the board of directors or trustees, as applicable, of such entity).

Notwithstanding the foregoing, for purposes of any Award that constitutes "deferred compensation" (within the meaning of Section 409A of the Code), the payment of which is triggered by or would be accelerated upon a Change in Control, a transaction will not be deemed a Change in Control for Awards granted to any Participant who is a U.S. Taxpayer unless the transaction qualifies as "a change in control event" within the meaning of Section 409A of the Code.

"**Code**" means the United States Internal Revenue Code of 1986, as amended from time to time. Any reference to a section of the Code shall be deemed to include a reference to any regulations promulgated thereunder;

“**Committee**” has the meaning set forth in Section 3.2;

“**Consultant**” means any individual, entity or other Person engaged by the Corporation or any subsidiary of the Corporation to render consulting or advisory services (including as a director or officer of any subsidiary of the Corporation), other than as an Employee or Director, and whether or not compensated for such services; provided, however, that at the time any Consultant receives any

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offer of Award or executes any Award Agreement, such Consultant must be a Person, and must agree to provide bona fide services to that Corporation that are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the Corporation’s securities;

“**Control**” means the relationship whereby a Person is considered to be “controlled” by a Person if:

- (a) when applied to the relationship between a Person and a corporation, the beneficial ownership by that Person, directly or indirectly, of voting securities or other interests in such corporation entitling the holder to exercise control and direction in fact over the activities of such corporation;
- (b) when applied to the relationship between a Person and a partnership, limited partnership, trust or joint venture, means the contractual right to direct the affairs of the partnership, limited partnership, trust or joint venture; and
- (c) when applied in relation to a trust, the beneficial ownership at the relevant time of more than 50% of the property settled under the trust, and

the words “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings; provided that a Person who controls a corporation, partnership, limited partnership or joint venture will be deemed to Control a corporation, partnership, limited partnership, trust or joint venture which is Controlled by such Person and so on;

“**Corporation**” means Cardiol Therapeutics Inc., or any successor entity thereof;

“**Date of Grant**” means, for any Award, the date specified by the Plan Administrator at the time it grants the Award or if no such date is specified, the date upon which the Award was granted;

“**Deferred Share Unit**” or “**DSU**” means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Corporation in accordance with Article 7;

“**Director**” means a director of the Corporation who is not an Employee;

“**Director Fees**” means the total compensation (including annual retainer and meeting fees, if any) paid by the Corporation to a Director in a calendar year for service on the Board;

“**Disabled**” or “**Disability**” means, with respect to a particular Participant:

- (a) “disabled” or “disability” (or any similar terms) as such terms are defined in the employment or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant;
- (b) in the event there is no written or other applicable employment or other agreement between the Corporation or a subsidiary of the Corporation, or “disabled” or “disability” (or any similar terms) are not defined in such agreement, “disabled” or “disability” as such term are defined in the Award Agreement; or

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- (c) in the event neither (a) or (b) apply, then the incapacity or inability of the Participant, by reason of mental or physical incapacity, disability, illness or disease (as determined by a legally qualified medical practitioner or by a court) that prevents the Participant from carrying out his or her normal and essential duties as an Employee, Director or Consultant for a continuous period of six months or for any cumulative period of 180 days in any consecutive twelve month period, the foregoing subject to and as determined in accordance with procedures established by the Plan Administrator for purposes of this Plan;

“**Effective Date**” means the effective date of this Plan, being May 21, 2021, subject to the approval of the shareholders of the Corporation;

“**Elected Amount**” has the meaning set forth in Subsection 7.1(a);

“**Electing Person**” means a Participant who is, on the applicable Election Date, a Director or an Employee;

“**Election Date**” means the date on which the Electing Person files an Election Notice in accordance with Subsection 7.1(b);

“**Election Notice**” has the meaning set forth in Subsection 7.1(b); “**Employee**” means an individual who:

- (a) is considered an employee of the Corporation or a subsidiary of the Corporation for purposes of source deductions under applicable tax or social welfare legislation; or
- (b) works full-time or part-time on a regular weekly basis for the Corporation or a subsidiary of the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a subsidiary of the Corporation over the details and methods of work as an employee of the Corporation or such subsidiary.

“**Exchange**” means (a) the Toronto Stock Exchange, or (b) the primary exchange on which the Shares are then listed, as determined from by the Plan Administrator, if (i) the Toronto Stock Exchange is no longer the Corporation’s primary exchange, or (ii) the Shares are not listed on the Toronto Stock Exchange;

“**Exercise Notice**” means a notice in writing, signed by a Participant and stating the Participant’s intention to exercise a particular Option;

“**Exercise Price**” means the price at which an Option Share may be purchased pursuant to the exercise of an Option;

“**Expiry Date**” means the expiry date specified in the Award Agreement (which shall not be later than the tenth anniversary of the Date of Grant) or, if not so specified, means the tenth anniversary of the Date of Grant;

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“**In the Money Amount**” has the meaning given to it in Subsection 4.5(b);

“**Insider**” means an “insider” as defined in the rules of the Exchange from time to time;

“**Market Price**” at any date in respect of the Shares shall be the volume weighted average trading price of Shares on the Exchange for the five trading days immediately preceding the Date of Grant; provided that, for so long as the Shares are listed and posted for trading on the Exchange, the Market Price shall not be less than the market price, as calculated under the policies of the Exchange; and provided, further, that with respect to an Award made to a U.S. Taxpayer such Participant, the class of Shares and the number of Shares subject to such Award shall be identified by the Board or the Committee prior to the start of the applicable five trading day period. In the event that such Shares are not listed and posted for trading on any Exchange, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion and, with respect to an Award made to a U.S. Taxpayer, in accordance with Section 409A of the Code;

“**Option**” means a right to purchase Shares under Article 4 of this Plan that is non-assignable and non-transferable, unless otherwise approved by the Plan Administrator;

“**Option Shares**” means Shares issuable by the Corporation upon the exercise of outstanding Options;

“**Participant**” means a Director, Employee or Consultant to whom an Award has been granted under this Plan;

“**Performance Goals**” means performance goals expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of the Corporation, a subsidiary of the Corporation, a division of the Corporation or a subsidiary of the Corporation, or an individual, or may be applied to the performance of the Corporation or a subsidiary of the Corporation relative to a market index, a group of other companies or a combination thereof, or on any other basis, all as determined by the Plan Administrator in its discretion;

“**Performance Share Unit**” or “**PSU**” means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Corporation in accordance with Article 6;

“**Person**” means an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative;

“**Plan**” means this Omnibus Equity Incentive Plan, as may be amended from time to time;

“**Plan Administrator**” means the Board, or if the administration of this Plan has been delegated by the Board to the Committee or sub-delegated to a member of the Committee or officer of the Corporation pursuant to Section 3.2, the Committee or sub-delegate, as the case may be;

“**PSU Service Year**” has the meaning given to it in Section 6.1;

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“**Restricted Share Unit**” or “**RSU**” means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Corporation in accordance with Article 5;

“**Retirement**” means, unless otherwise defined in the Participant’s written or other applicable employment agreement or in the Award Agreement, the termination of the Participant’s working career at such retirement age to which the Plan Administrator has consented, other than on account of the Participant’s termination of service by the Corporation or its subsidiary for Cause and provided that for U.S. Taxpayers such Retirement also constitutes a Separation from Service within the meaning of Section 409A of the Code;

“**Section 409A of the Code**” or “**Section 409A**” means Section 409A of the Code and all regulations, guidance, compliance programs, and other interpretive authority issued thereunder;

“**Securities Laws**” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that govern or are applicable to the Corporation or to which it is subject;

“**Security Based Compensation Arrangement**” means a stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to Directors, officers, Employees and/or service providers of the Corporation or any subsidiary of the Corporation, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;

“**Separation from Service**” means a separation from service within the meaning of Section 409A of the Code;

“**Share**” means one (1) common share in the capital of the Corporation as constituted on the Effective Date or any share or shares issued in replacement of such common share in compliance with Canadian law or other applicable law, and/or one share of any additional class of common shares in the capital of the Corporation as may exist from time to time, or after an adjustment contemplated by Article 12, such other shares or securities to which the holder of an Award may be entitled as a result of such adjustment;

“**Share-Based Award**” means other types of equity-based or equity-related Awards that may be authorized for issuance and issued pursuant to Article 8;

“**subsidiary**” means an issuer that is Controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary, or any other entity in which the Corporation has an equity interest and is designated by the Plan Administrator, from time to time, for purposes of this Plan to be a subsidiary;

“**Tax Act**” has the meaning set forth in Section 4.5(d);

“**Termination Date**” means, subject to applicable law which cannot be waived:

- (a) in the case of an Employee whose employment with the Corporation or a subsidiary of the Corporation terminates, (i) the date designated by the Employee and the Corporation or a subsidiary of the Corporation as the “Termination Date” (or

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similar term) in a written employment or other agreement between the Employee and Corporation or a subsidiary of the Corporation, or (ii) if no such written employment or other agreement exists, the date designated by the Corporation or a subsidiary of the Corporation, as the case may be, on which the Employee ceases to be an employee of the Corporation or the subsidiary of the Corporation, as the case may be, provided that, in the case of termination of employment by voluntary resignation by the Participant, such date shall not be earlier than the date notice of resignation was given; and in any event, the “Termination Date” shall be determined without including any period of reasonable notice that the Corporation or the subsidiary of the Corporation (as the case may be) may be required by law to provide to the Participant or any pay in lieu of notice of termination, severance pay or other damages paid or payable to the Participant;

- (b) in the case of a Consultant whose agreement or arrangement with the Corporation or a subsidiary of the Corporation terminates, (i) the date designated by the Corporation or the subsidiary of the Corporation, as the “Termination Date” (or similar term) or expiry date in a written agreement between the Consultant and Corporation or a subsidiary of the Corporation, or (ii) if no such written agreement exists, the date designated by the Corporation or a subsidiary of the Corporation, as the case may be, on which the Consultant ceases to be a Consultant or a service provider to the Corporation or the subsidiary of the Corporation, as the case may be, or on which the Participant’s agreement or arrangement is terminated, provided that in the case of voluntary termination by the Participant of the Participant’s consulting agreement or other written arrangement, such date shall not be earlier than the date notice of voluntary termination was given; in any event, the “Termination Date” shall be determined without including any period of notice that the Corporation or the subsidiary of the Corporation (as the case may be) may be required by law to provide to the Participant or any pay in lieu of notice of termination, termination fees or other damages paid or payable to the Participant; and
- (c) in the case of a Director, the date such individual ceases to be a Director, in each case, unless the individual continues to be a Participant in another capacity.

Notwithstanding the foregoing, in the case of a U.S. Taxpayer, a Participant’s “Termination Date” will be the date the Participant experiences a Separation from Service;

“**U.S.**” or “**United States**” means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

“**U.S. Person**” shall mean a “**U.S. person**” as such term is defined in Rule 902(k) of Regulation S under the U.S. Securities Act (the definition of which includes, but is not limited to, (i) any natural person resident in the United States, (ii) any partnership or corporation organized or incorporated under the laws of the United States, (iii) any partnership or corporation organized outside of the United States by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organized, or incorporated, and owned, by accredited

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investors who are not natural persons, estates or trusts, and (iv) any estate or trust of which any executor or administrator or trustee is a U.S. Person);

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

“**U.S. Taxpayer**” shall mean a Participant who, with respect to an Award, is subject to taxation under applicable U.S. tax laws.

2.2 Interpretation

- (a) Whenever the Plan Administrator exercises discretion in the administration of this Plan, the term “discretion” means the sole and absolute discretion of the Plan Administrator.
- (b) As used herein, the terms “Article”, “Section”, “Subsection” and “clause” mean and refer to the specified Article, Section, Subsection and clause of this Plan, respectively.
- (c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period begins, including the day on which the period ends, and abridging the period to the immediately preceding Business Day in the event that the last day of the period is not a Business Day. In the event an action is required to be taken or a payment is required to be made on a day which is not a Business Day such action shall be taken or such payment shall be made by the immediately preceding Business Day.
- (d) Unless otherwise specified, all references to money amounts are to Canadian currency.
- (e) The headings used herein are for convenience only and are not to affect the interpretation of this Plan.
- (f)

3.1 Administration

ARTICLE 3 ADMINISTRATION

This Plan will be administered by the Plan Administrator and the Plan Administrator has sole and complete authority, in its discretion, to:

- (a) determine the individuals to whom grants under the Plan may be made;
- (b) make grants of Awards under the Plan relating to the issuance of Shares (including any combination of Options, Restricted Share Units, Performance Share Units or

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Deferred Share Units) in such amounts, to such Persons and, subject to the provisions of this Plan, on such terms and conditions as it determines including without limitation:

- (i) the time or times at which Awards may be granted;
- (ii) the conditions under which:
 - (A) Awards may be granted to Participants; or
 - (B) Awards may be forfeited to the Corporation, including any conditions relating to the attainment of specified Performance Goals;

- (iii) the number of Shares to be covered by any Award;
 - (iv) the price, if any, to be paid by a Participant in connection with the purchase of Shares covered by any Awards;
 - (v) whether restrictions or limitations are to be imposed on the Shares issuable pursuant to grants of any Award, and the nature of such restrictions or limitations, if any; and
 - (vi) any acceleration of exercisability or vesting, or waiver of termination regarding any Award, based on such factors as the Plan Administrator may determine;
- (c) establish the form or forms of Award Agreements;
 - (d) cancel, amend, adjust or otherwise change any Award under such circumstances as the Plan Administrator may consider appropriate in accordance with the provisions of this Plan;
 - (e) construe and interpret this Plan and all Award Agreements;
 - (f) adopt, amend, prescribe and rescind administrative guidelines and other rules and regulations relating to this Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws; and
 - (g) make all other determinations and take all other actions necessary or advisable for the implementation and administration of this Plan.

3.2 Delegation to Committee

- (a) The initial Plan Administrator shall be the Board.
- (b) To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee of the Board (the “**Committee**”) all or any of the powers

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conferred on the Plan Administrator pursuant to this Plan, including the power to sub-delegate to any member(s) of the Committee or any specified officer(s) of the Corporation or its subsidiaries all or any of the powers delegated by the Board. In such event, the Committee or any sub-delegate will exercise the powers delegated to it in the manner and on the terms authorized by the delegating party. Any decision made or action taken by the Committee or any sub-delegate arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive and binding on the Corporation and all subsidiaries of the Corporation, all Participants and all other Persons.

3.3 Determinations Binding

Any decision made or action taken by the Board, the Committee or any sub-delegate to whom authority has been delegated pursuant to Section 3.2 arising out of or in connection with the administration or interpretation of this Plan is final, conclusive and binding on the Corporation, the affected Participant(s), their legal and personal representatives and all other Persons.

3.4 Eligibility

All Directors, Employees and Consultants are eligible to participate in the Plan, subject to Section 10.1(f). Participation in the Plan is voluntary and eligibility to participate does not confer upon any Director, Employee or Consultant any right to receive any grant of an Award pursuant to the Plan. The extent to which any Director, Employee or Consultant is entitled to receive a grant of an Award pursuant to the Plan will be determined in the sole and absolute discretion of the Plan Administrator.

3.5 Plan Administrator Requirements

Any Award granted under this Plan shall be subject to the requirement that, if at any time the Plan Administrator shall determine that the listing, registration or qualification of the Shares issuable pursuant to such Award upon any securities exchange or under any Securities Laws of any jurisdiction, or the consent or approval of the Exchange and any securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation is necessary as a condition of, or in connection with, the grant or exercise of such Award or the issuance or purchase of Shares thereunder, such Award may not be accepted or exercised, as applicable, in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Plan Administrator. Without limiting the generality of the foregoing, all Awards shall be issued pursuant to the registration requirements of the U.S. Securities Act, or pursuant an exemption or exclusion from such registration requirements. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval. Participants shall, to the extent applicable, cooperate with the Corporation in complying with such legislation, rules, regulations and policies.

3.6 Total Shares Subject to Awards

- (a) Subject to adjustment as provided for in Article 11 and any subsequent amendment to this Plan, the aggregate number of Shares reserved for issuance pursuant to Awards granted under this Plan and under any other Security Based Compensation

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Arrangement shall not exceed 15% of the Corporation's total issued and outstanding Shares from time to time. This Plan is considered an "evergreen" plan, since the shares covered by Awards which have been settled, exercised or terminated shall be available for subsequent grants under the Plan and the number of Awards available to grant increases as the number of issued and outstanding Shares increases.

- (b) To the extent any Awards (or portion(s) thereof) under this Plan terminate or are cancelled for any reason prior to exercise in full, or are surrendered or settled by the Participant, any Shares subject to such Awards (or portion(s) thereof) shall be added back to the number of Shares reserved for issuance under this Plan and will again become available for issuance pursuant to the exercise of Awards granted under this Plan.

- (c) Any Shares issued by the Corporation through the assumption or substitution of outstanding stock options or other equity-based awards from an acquired company shall not reduce the number of Shares available for issuance pursuant to the exercise of Awards granted under this Plan.

3.7 Limits on Grants of Awards

Notwithstanding anything in this Plan, the aggregate number of Shares:

- (i) issuable to Insiders at any time, under all of the Corporation's Security-Based Compensation Arrangements, shall not exceed ten percent (10%) of the Corporation's issued and outstanding Shares; and
- (ii) issued to Insiders within any one (1) year period, under all of the Corporation's Security Based Compensation Arrangements, shall not exceed ten percent (10%) of the Corporation's issued and outstanding Shares,

provided that the acquisition of Shares by the Corporation for cancellation shall be disregarded for the purposes of determining non-compliance with this Section 3.7 for any Awards outstanding prior to such purchase of Shares for cancellation.

3.8 Award Agreements

Each Award under this Plan will be evidenced by an Award Agreement. Each Award Agreement will be subject to the applicable provisions of this Plan and will contain such provisions as are required by this Plan and any other provisions that the Plan Administrator may direct. Any one officer of the Corporation is authorized and empowered to execute and deliver, for and on behalf of the Corporation, an Award Agreement to a Participant granted an Award pursuant to this Plan.

3.9 Non-transferability of Awards

Except as permitted by the Plan Administrator and to the extent that certain rights may pass to a beneficiary or legal representative upon death of a Participant, by will or as required by law, no

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assignment or transfer of Awards, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Awards whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such Awards will terminate and be of no further force or effect. To the extent that certain rights to exercise any portion of an outstanding Award pass to a beneficiary or legal representative upon death of a Participant, the period in which such Award can be exercised by such beneficiary or legal representative shall not exceed one year from the Participant's death.

ARTICLE 4 OPTIONS

4.1 Granting of Options

The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant Options to any Participant. The terms and conditions of each Option grant shall be evidenced by an Award Agreement.

4.2 Exercise Price

The Plan Administrator will establish the Exercise Price at the time each Option is granted, which Exercise Price must in all cases be not less than the Market Price on the Date of Grant.

4.3 Term of Options

Subject to any accelerated termination as set forth in this Plan, each Option expires on its Expiry Date.

4.4 Vesting and Exercisability

- (a) The Plan Administrator shall have the authority to determine the vesting terms applicable to grants of Options.

Once an Option becomes vested, it shall remain vested and shall be exercisable until expiration or termination of the Option, unless otherwise specified by the Plan Administrator, or as may be otherwise set forth in any written employment agreement, Award Agreement or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant. Each vested Option may be exercised at any time or from time to time, in whole or in part, for up to the total number of Option Shares with respect to which it is then exercisable. The Plan Administrator has the right to accelerate the date upon which any Option becomes exercisable.
- (b)
- (c) Subject to the provisions of this Plan and any Award Agreement, Options shall be exercised by means of a fully completed Exercise Notice delivered to the Corporation.

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- (d) The Plan Administrator may provide at the time of granting an Option that the exercise of that Option is subject to restrictions, in addition to those specified in this Section 4.4, such as vesting conditions relating to the attainment of specified Performance Goals.

4.5 Payment of Exercise Price

- Unless otherwise specified by the Plan Administrator at the time of granting an Option and set forth in the particular Award Agreement, the Exercise Notice must be accompanied by payment of the Exercise Price. The Exercise Price must be fully paid by certified cheque, wire transfer, bank draft or money order payable to the Corporation or by
- (a) such other means as might be specified from time to time by the Plan Administrator, which may include (i) through an arrangement with a broker approved by the Corporation (or through an arrangement directly with the Corporation) whereby payment of the Exercise Price is accomplished with the proceeds of the sale of Shares deliverable upon the exercise of the Option,
- (ii) through the cashless exercise process set out in Section 4.5(b), or (iii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Securities Laws, or any combination of the foregoing methods of payment.

- Unless otherwise specified by the Plan Administrator and set forth in the particular Award Agreement, a Participant may, but only if permitted by the Plan Administrator, in lieu of exercising an Option pursuant to an Exercise Notice, elect to surrender such Option to the Corporation (a “**Cashless Exercise**”) in consideration for an amount from the Corporation equal to (i) the Market Price of the Shares issuable on the exercise of such Option (or portion thereof) as of the date such Option (or portion thereof) is exercised, less (ii) the aggregate Exercise Price of the Option (or portion thereof) surrendered relating to such Shares (the “**In-the-Money Amount**”), by written notice to the Corporation indicating the number of Options such Participant wishes to exercise using the Cashless Exercise, and such other information that the Corporation may require. Subject to Section 9.3, the Corporation shall satisfy payment of the In-the-Money Amount by delivering to the Participant such number of Shares (rounded down to the nearest whole number) having a fair market value equal to the In-the-Money Amount.
- (b)
- (c) No Shares will be issued or transferred until full payment therefor has been received by the Corporation, or arrangements for such payment have been made to the satisfaction of the Plan Administrator.
- (d) If a Participant surrenders Options through a Cashless Exercise pursuant to Section 4.5(b), to the extent that such Participant would be entitled to a deduction under paragraph 110(1)(d) of the *Income Tax Act* (Canada) (the “**Tax Act**”) in respect of such surrender if the election described in subsection 110(1.1) of the Tax Act were made and filed (and the other procedures described therein were undertaken) on a timely basis after such surrender, the Corporation will cause such election to be so made and filed (and such other procedures to be so undertaken).

ARTICLE 5 RESTRICTED SHARE UNITS

5.1 Granting of RSUs

- The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant RSUs to any Participant in respect of a bonus or similar payment in respect of services rendered by the applicable Participant in a taxation year. The terms and conditions of each RSU grant may be evidenced by an Award Agreement. Each RSU will consist of a right to receive a Share, or at the election of a Participant, but subject to the approval of the Plan Administrator, a cash payment or a combination of Shares and cash (as provided in Section 5.4(a)), upon the settlement of such RSU.
- (a)
- (b) The number of RSUs (including fractional RSUs) granted at any particular time pursuant to this Article 5 will be calculated by dividing (i) the amount of any bonus or similar payment that is to be paid in RSUs, as determined by the Plan Administrator, by (ii) the greater of (A) the Market Price of a Share on the Date of Grant; and (B) such amount as determined by the Plan Administrator in its sole discretion.

5.2 RSU Account

All RSUs received by a Participant shall be credited to an account maintained for the Participant on the books of the Corporation, as of the Date of Grant.

5.3 Vesting of RSUs

The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of RSUs, provided that the terms comply with Section 409A, with respect to a U.S. Taxpayer.

5.4 Settlement of RSUs

(a) Subject to Section 12.6(d) below and except as otherwise provided in an Award Agreement, on the settlement date for any RSU, the Participant shall redeem each vested RSU for one fully paid and non-assessable Share issued from treasury to the Participant, or the following at the election of the Participant but subject to the approval of the Plan Administrator:

- (i) a cash payment, or
- (ii) a combination of fully paid and non-assessable Shares issued from treasury to the Participant and a cash payment.

The Plan Administrator shall have the sole authority to determine any other settlement terms applicable to the grant of RSUs, provided that with respect to a

U.S. Taxpayer the terms comply with Section 409A to the extent it is applicable.

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- (b) Any cash payments made under this Section 5.4 by the Corporation to a Participant in respect of RSUs to be redeemed for cash shall be calculated by multiplying the number of RSUs to be redeemed for cash by the Market Price per Share as at the settlement date.
- (c) Payment of cash to Participants on the redemption of vested RSUs may be made through the Corporation's payroll in the pay period that the settlement date falls within.

ARTICLE 6 PERFORMANCE SHARE UNITS

6.1 Granting of PSUs

The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant PSUs to any Participant in respect of a bonus or similar payment in respect of services rendered by the applicable Participant in a taxation year (the "PSU Service Year"). The terms and conditions of each PSU grant shall be evidenced by an Award Agreement, provided that with respect to a U.S. Taxpayer the terms comply with Section 409A to the extent it is applicable. Each PSU will consist of a right to receive a Share, cash payment, or a combination thereof (as provided in Section 6.6(a)), upon the achievement of such Performance Goals during such performance periods as the Plan Administrator shall establish.

6.2 Terms of PSUs

The Performance Goals to be achieved during any performance period, the length of any performance period, the amount of any PSUs granted, the effect of termination of a Participant's service and the amount of any payment or transfer to be made pursuant to any PSU will be determined by the Plan Administrator and by the other terms and conditions of any PSU, all as set forth in the applicable Award Agreement.

6.3 Performance Goals

The Plan Administrator will issue Performance Goals prior to the Date of Grant to which such Performance Goals pertain. The Performance Goals may be based upon the achievement of corporate, divisional or individual goals, and may be applied to performance

relative to an index or comparator group, or on any other basis determined by the Plan Administrator. Following the Date of Grant, the Plan Administrator may modify the Performance Goals as necessary to align them with the Corporation's corporate objectives, subject to any limitations set forth in an Award Agreement or an employment or other agreement with a Participant. The Performance Goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be made (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur), all as set forth in the applicable Award Agreement.

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6.4 PSU Account

All PSUs received by a Participant shall be credited to an account maintained for the Participant on the books of the Corporation, as of the Date of Grant.

6.5 Vesting of PSUs

The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of PSUs, provided that with respect to a U.S. Taxpayer the terms comply with Section 409A to the extent it is applicable.

6.6 Settlement of PSUs

The Plan Administrator shall have the authority to determine the settlement terms applicable to the grant of PSUs provided that with respect to a U.S. Taxpayer the terms comply with Section 409A to the extent it is applicable. Subject to Section 12.6(d) below and except as otherwise provided in an Award Agreement, on the settlement date for any PSU, the Participant shall redeem each vested PSU for the following at the election of the Participant but subject to the approval of the Plan Administrator:

- (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct,
- (ii) a cash payment, or
- (iii) a combination of Shares and cash as contemplated by paragraphs (i) and (ii) above.

(b) Any cash payments made under this Section 6.6 by the Corporation to a Participant in respect of PSUs to be redeemed for cash shall be calculated by multiplying the number of PSUs to be redeemed for cash by the Market Price per Share as at the settlement date.

(c) Payment of cash to Participants on the redemption of vested PSUs may be made through the Corporation's payroll in the pay period that the settlement date falls within.

(d) Notwithstanding any other terms of this Plan but, in the case of a U.S. Taxpayer, subject to Section 12.6(d) below and except, in the case of a U.S. Taxpayer, as otherwise provided in an Award Agreement, no settlement date for any PSU shall occur, and no Share shall be issued or cash payment shall be made in respect of any PSU, under this Section 6.6 any later than the final Business Day of the third calendar year following the applicable PSU Service Year.

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7.1 Granting of DSUs

ARTICLE 7 DEFERRED SHARE UNITS

The Board may fix from time to time a portion of the Director Fees that is to be payable in the form of DSUs. In addition, each Electing Person is given, subject to the conditions stated herein, the right to elect in accordance with Section 7.1(b) to participate in the grant of additional DSUs pursuant to this Article 7. An Electing Person who elects to participate in the grant of additional DSUs pursuant to this Article 7 shall receive their Elected Amount (as that term is defined below) in the form of DSUs. The “**Elected Amount**” shall be an amount, as elected by the Director, in accordance with applicable tax law, between 0% and 100% of any Director Fees that would otherwise be paid in cash (the “**Cash Fees**”).

(a) Each Electing Person who elects to receive their Elected Amount in the form of DSUs will be required to file a notice of election in the form of Schedule A hereto (the “**Election Notice**”) with the Chief Financial Officer of the Corporation: (i) in the case of an existing Electing Person, by December 31st in the year prior to the year to which such election is to apply (other than for Director Fees payable for the 2020 financial year, in which case any Electing Person who is not a U.S. Taxpayer as of the date of this Plan shall file the Election Notice by the date that is 30 days from the Effective Date with respect to compensation paid for services to be performed after such date); and (ii) in the case of a newly appointed Electing Person who is not a U.S. Taxpayer, within 30 days of such appointment with respect to compensation paid for services to be performed after such date. In the case of the first year in which an Electing Person who is a U.S. Taxpayer first becomes an Electing Person under the Plan (or any plan required to be aggregated with the Plan under Section 409A), an initial Election Notice may be filed within 30 days of such appointment only with respect to compensation paid for services to be performed after the end of the 30-day election period. If no election is made within the foregoing time frames, the Electing Person shall be deemed to have elected to be paid the entire amount of his or her Cash Fees in cash.

(b) Subject to Subsection 7.1(d), the election of an Electing Person under Subsection 7.1(b) shall be deemed to apply to all Cash Fees paid subsequent to the filing of the Election Notice. In the case of an Electing Person who is a U.S. Taxpayer, his or her election under Section 7.1(b) shall be deemed to apply to all Cash Fees that are earned after the Election Date. An Electing Person is not required to file another Election Notice for subsequent calendar years

(c) Each Electing Person who is not a U.S. Taxpayer is entitled once per calendar year to terminate his or her election to receive DSUs by filing with the Chief Financial Officer of the Corporation a termination notice in the form of Schedule B. Such termination shall be effective immediately upon receipt of such notice, provided that the Corporation has not imposed a “black-out” on trading. Thereafter, any portion of such Electing Person’s Cash Fees payable or paid in the same calendar

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year and, subject to complying with Subsection 7.1(b), all subsequent calendar years shall be paid in cash. For greater certainty, to the extent an Electing Person terminates his or her participation in the grant of DSUs pursuant to this Article 7, he or she shall not be entitled to elect to receive the Elected Amount, or any other amount of his or her Cash Fees in DSUs again until the calendar year following the year in which the termination notice is delivered. An election by a U.S. Taxpayer to receive the Elected Amount in DSUs for any calendar year (or portion thereof) is irrevocable for that calendar year after the expiration of the election period for that year and any termination of the election will not take effect until the first day of the calendar year following the calendar year in which the termination notice in the form of Schedule A is delivered.

(d) Any DSUs granted pursuant to this Article 7 prior to the delivery of a termination notice pursuant to Section 7.1(d) shall remain in the Plan following such termination and will be redeemable only in accordance with the terms of the Plan.

(e) The number of DSUs (including fractional DSUs) granted at any particular time pursuant to this Article 7 will be calculated by dividing (i) the amount of Director Fees that are to be paid as DSUs, as determined by the Plan Administrator or Director Fees that are to be paid in DSUs (including any Elected Amount), by

(ii) the Market Price of a Share on the Date of Grant.

(f) In addition to the foregoing, the Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant DSUs to any Participant.

7.2 DSU Account

All DSUs received by a Participant (which, for greater certainty includes Electing Persons) shall be credited to an account maintained for the Participant on the books of the Corporation, as of the Date of Grant. The terms and conditions of each DSU grant shall be evidenced by an Award Agreement.

7.3 Vesting of DSUs

Except as otherwise determined by the Plan Administrator or as set forth in the particular Award Agreement, DSUs shall vest immediately upon grant.

7.4 Settlement of DSUs

- (a) DSUs shall be settled on the date established in the Award Agreement; provided, however that if there is no Award Agreement or the Award Agreement does not establish a date for the settlement of the DSUs, then, for a Participant who is not a

U.S. Taxpayer the settlement date shall be the date determined by the Participant (which date shall not be earlier than the Termination Date or later than the end of the first calendar year commencing after the Termination Date), and for a Participant who is a U.S. taxpayer, the settlement date shall be the date determined by the Participant in accordance with the Election Notice (which date shall not be

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earlier than the “**separation from service**” (within the meaning of Section 409A)). On the settlement date for any DSU, the Participant shall redeem each vested DSU for:

- (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct; or
- (i) at the election of the Participant and subject to the approval of the Plan Administrator, a cash payment.
- (b) Any cash payments made under this Section 7.4 by the Corporation to a Participant in respect of DSUs to be redeemed for cash shall be calculated by multiplying the number of DSUs to be redeemed for cash by the Market Price per Share as at the settlement date.
- (c) Payment of cash to Participants on the redemption of vested DSUs may be made through the Corporation’s payroll or in such other manner as determined by the Corporation.

7.5 No Additional Amount or Benefit

For greater certainty, neither a Participant to whom DSUs are granted nor any person with whom such Participant does not deal at arm’s length (for purposes of the Tax Act) shall be entitled, either immediately or in the future, either absolutely or contingently, to receive or obtain any amount or benefit granted or to be granted for the purpose of reducing the impact, in whole or in part, of any reduction in the Market Price of the Shares to which the DSUs relate.

ARTICLE 8 SHARE-BASED AWARDS

8.1 Share-Based Awards

The Committee may grant other types of equity-based or equity-related Awards not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted Shares) in such amounts and subject to such terms and conditions, including, but not

limited to, being subject to performance criteria, or in satisfaction of such obligations, as the Committee shall determine. Such Awards may involve the transfer of actual Shares to Participants, or payment in cash or otherwise of amounts based on the value of Shares.

ARTICLE 9 ADDITIONAL AWARD TERMS

9.1 Dividend Equivalents

- (a) Unless otherwise determined by the Plan Administrator or as set forth in the particular Award Agreement, an Award of RSUs, PSUs and DSUs shall include the right for such RSUs, PSUs and DSUs be credited with dividend equivalents in the form of additional RSUs, PSUs and DSUs, respectively, as of each dividend

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payment date in respect of which normal cash dividends are paid on Shares. Such dividend equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of RSUs, PSUs and DSUs, as applicable, held by the Participant on the record date for the payment of such dividend, by (b) the Market Price at the close of the first Business Day immediately following the dividend record date, with fractions computed to three decimal places. Dividend equivalents credited to a Participant's account shall vest in proportion to the RSUs, PSUs and DSUs to which they relate, and shall be settled in accordance with Subsections 5.4, 6.6, and 7.4 respectively.

- (b) The foregoing does not obligate the Corporation to declare or pay dividends on Shares and nothing in this Plan shall be interpreted as creating such an obligation.

9.2 Black-out Period

In the event that an Award expires, at a time when a scheduled blackout is in place or an undisclosed material change or material fact in the affairs of the Corporation exists, the expiry of such Award will be the date that is 10 Business Days after which such scheduled blackout terminates or there is no longer such undisclosed material change or material fact.

9.3 Withholding Taxes

Notwithstanding any other terms of this Plan, the granting, vesting or settlement of each Award under this Plan is subject to the condition that if at any time the Plan Administrator determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such grant, vesting or settlement, such action is not effective unless such withholding has been effected to the satisfaction of the Plan Administrator. In such circumstances, the Plan Administrator may require that a Participant pay to the Corporation such amount as the Corporation or a subsidiary of the Corporation is obliged to withhold or remit to the relevant taxing authority in respect of the granting, vesting or settlement of the Award. Any such additional payment is due no later than the date on which such amount with respect to the Award is required to be remitted to the relevant tax authority by the Corporation or a subsidiary of the Corporation, as the case may be. Alternatively, and subject to any requirements or limitations under applicable law, the Corporation or any Affiliate may (a) withhold such amount from any remuneration or other amount payable by the Corporation or any Affiliate to the Participant, (b) require the sale, on behalf of the applicable Participant, of a number of Shares issued upon exercise, vesting, or settlement of such Award and the remittance to the Corporation of the net proceeds from such sale sufficient to satisfy such amount, or (c) enter into any other suitable arrangements for the receipt of such amount.

9.4 Recoupment

Notwithstanding any other terms of this Plan, Awards may be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of any clawback, recoupment or similar policy adopted by the Corporation or the relevant subsidiary of the Corporation, or as set out in the Participant's employment agreement, Award Agreement or other written agreement, or as otherwise required by law or the rules of the Exchange. The Plan

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Administrator may at any time waive the application of this Section 9.4 to any Participant or category of Participants.

ARTICLE 10 TERMINATION OF EMPLOYMENT OR SERVICES

10.1 Termination of Employee, Consultant or Director

Subject to Section 10.2, unless otherwise determined by the Plan Administrator or as set forth in an employment agreement, Award Agreement or other written agreement:

- (a) where a Participant's employment, consulting agreement or arrangement is terminated or the Participant ceases to hold office or his or her position, as applicable, by reason of voluntary resignation by the Participant or termination by the Corporation or a subsidiary of the Corporation for Cause, then any Option or other Award held by the Participant that has not been exercised, surrendered or settled as of the Termination Date shall be immediately forfeited and cancelled as of the Termination Date;

- (b) where a Participant's employment, consulting agreement or arrangement is terminated by the Corporation or a subsidiary of the Corporation without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice), then any unvested Options or other Awards which would otherwise vest or become exercisable in accordance with its terms based solely on the Participant remaining in the service of the Corporation or a subsidiary on or prior to the date that is 90 days after the Termination Date shall immediately vest. Any vested Options may be exercised by the Participant at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Option; and (B) the date that is 90 days after the Termination Date. If an Option remains unexercised upon the earlier of (A) or (B), the Option shall be immediately forfeited and cancelled for no consideration upon the termination of such period. In the case of a vested Award other than an Option, that is held by a Participant who is not a U.S. Taxpayer, such Award will be settled within 90 days after the Termination Date. In the case of vested Awards of a U.S. Taxpayer, vested RSUs will be settled within 90 days after the Termination Date, vested DSUs will be settled in accordance with the Participant's DSU Election Notice (Schedule A hereto), and PSUs that become vested as a result of this Section 10.1(b) will be settled within 90 days after the Termination Date, provided that in all cases such PSUs will be settled by March 15th of the year immediately following the calendar year in which the Termination Date occurs;

- (c) where a Participant's employment, consulting agreement or arrangement terminates on account of his or her becoming Disabled, then any Award held by the Participant that has not vested as of the date of the Participant's Termination Date shall vest on such date. Any vested Option may be exercised by the Participant at any time until the Expiry Date of such Option. Any vested Award other than an

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Option, that is held by a Participant that is not a U.S. Taxpayer, will be settled within 90 days after the Termination Date. In the case of vested Awards of a U.S. Taxpayer, vested RSUs will be settled within 90 days after the Termination Date, vested DSUs will be settled in accordance with the Participant's DSU Election Notice (Schedule A hereto), and PSUs that become vested as a result of this Section 10.1(c) will be settled within 90 days after the Termination Date, provided that in all cases such PSUs will be settled by March 15th of the year immediately following the calendar year in which the Termination Date occurs;

- (d) where a Participant's employment, consulting agreement or arrangement is terminated by reason of the death of the Participant, then any Award that is held by the Participant that has not vested as of the date of the death of such Participant shall vest on such date. Any vested Option may be exercised by the Participant's beneficiary or legal representative (as applicable) at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Option; and (B) the first anniversary of the date of the death of such Participant. If an Option remains unexercised

upon the earlier of (A) or (B), the Option shall be immediately forfeited and cancelled for no consideration upon the termination of such period. In the case of a vested Award other than an Option, that is held by a Participant that is not a

U.S. Taxpayer, such Award will be settled with the Participant's beneficiary or legal representative (as applicable) within 90 days after the date of the Participant's death. In the case of vested Awards of a U.S. Taxpayer, vested RSUs will be settled within 90 days after the date of death, vested DSUs will be settled in accordance with the Participant's Election Notice (Schedule A hereto), and PSUs that become vested as a result of this Section 10.1(d) will be settled within 90 days after the date of death, provided that in all cases such PSUs will be settled by March 15th of the year immediately following the calendar year in which the death occurs;

- where a Participant's employment, consulting agreement or arrangement is terminated due to the Participant's Retirement, then (i) any outstanding Award that vests or becomes exercisable in accordance with its terms based solely on the Participant remaining in the service of the Corporation or a subsidiary will become 100% vested, and (ii) any outstanding Award that vests based on the achievement of Performance Goals and that has not previously become vested shall continue to be eligible to vest based upon the actual achievement of such Performance Goals. Any vested Option may be exercised by the Participant at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Option; and
- (e)

(B) the third anniversary of the Participant's date of Retirement. If an Option remains unexercised upon the earlier of (A) or (B), the Option shall be immediately forfeited and cancelled for no consideration upon the termination of such period. In the case of a vested Award other than an Option that is described in (i), such Award will be settled within 90 days after the Participant's Retirement. In the case of a vested Award other than an Option that is described in (ii), such Award will be settled at the same time the Award would otherwise have been settled had the Participant remained in active service with the Corporation or a subsidiary. Notwithstanding the foregoing, if, following his or her Retirement, the Participant commences (the "**Commencement Date**") employment, consulting or acting as a

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director of the Corporation or any of its subsidiaries (or in an analogous capacity) or otherwise as a service provider to any Person that carries on or proposes to carry on a business competitive with the Corporation or any of its subsidiaries, any Option or other Award held by the Participant that has not been exercised or settled as of the Commencement Date shall be immediately forfeited and cancelled as of the Commencement Date;

- (f) a Participant's eligibility to receive further grants of Options or other Awards under this Plan ceases as of:
- (i) the date that the Corporation or a subsidiary of the Corporation, as the case may be, provides the Participant with written notification that the Participant's employment, consulting agreement or arrangement is terminated, notwithstanding that such date may be prior to the Termination Date; or
- (ii) the date of the death, Disability or Retirement of the Participant;

- notwithstanding Subsection 10.1(b), unless the Plan Administrator, in its discretion, otherwise determines, at any time and from time to time, but with due regard for Section 409A, Options or other Awards are not affected by a change of employment or consulting agreement or arrangement, or directorship within or among the Corporation or a subsidiary of the Corporation for so long as the Participant continues to be a Director, Employee or Consultant, as applicable, of the Corporation or a subsidiary of the Corporation; and
- (g)

- for greater clarity, except as otherwise provided in an applicable Award Agreement or employment agreement, and notwithstanding any other provision of this Section 10.1, in the case of an Award (other than an Option or DSU) that is granted to a U.S. Taxpayer and that becomes vested (in whole or in part) pursuant to this Section 10.1 upon the Participant's Termination Date, such Award will, subject to Section 12.6(d), be settled as soon as administratively practicable following the Participant's Termination Date but in no event later than 90 days following the Participant's Termination Date, provided that if such Award is a PSU, settlement will occur no later than March 15th of the year immediately following the calendar year in which the Termination Date occurs. In the case of an Award (other than an Option or DSU) granted to a U.S. Taxpayer that remains eligible to vest (in whole or in part) following a Participant's
- (h)

termination of service based upon the achievement of one or more Performance Goals, such Award will be settled at the earlier of (i) the originally scheduled settlement date at the end of the performance period (to the extent Performance Goals are achieved) and (ii) the date on which performance vesting conditions are waived, or are deemed satisfied pursuant to the terms of the Applicable Award Agreement. DSUs will be settled in accordance with the U.S. Taxpayer's DSU Election Notice (Schedule A hereto).

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10.2 Discretion to Permit Acceleration

Notwithstanding the provisions of Section 10.1, the Plan Administrator may, in its discretion, at any time prior to, or following the events contemplated in such Section, or in an employment agreement, Award Agreement or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant, permit the acceleration of vesting of any or all Awards or waive termination of any or all Awards, all in the manner and on the terms as may be authorized by the Plan Administrator, taking into consideration the requirements of Section 409A of the Code, to the extent applicable, with respect to Awards of U.S. Taxpayers.

ARTICLE 11 EVENTS AFFECTING THE CORPORATION

11.1 General

The existence of any Awards does not affect in any way the right or power of the Corporation or its shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the Corporation's capital structure or its business, or any amalgamation, combination, arrangement, merger or consolidation involving the Corporation, to create or issue any bonds, debentures, Shares or other securities of the Corporation or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceeding, whether of a similar character or otherwise, whether or not any such action referred to in this Article 11 would have an adverse effect on this Plan or on any Award granted hereunder.

11.2 Change in Control

Except as may be set forth in an employment agreement, Award Agreement or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant:

- (a) Subject to this Section 11.2, but notwithstanding anything else in this Plan or any Award Agreement, the Plan Administrator may, without the consent of any Participant, take such steps as it deems necessary or desirable, including to cause
 - (i) the conversion or exchange of any outstanding Awards into or for, rights or other securities of substantially equivalent value, as determined by the Plan Administrator in its discretion, in any entity participating in or resulting from a Change in Control; (ii) outstanding Awards to vest and become exercisable, realizable, or payable, or restrictions applicable to an Award to lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the Plan Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control; (iii) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Plan Administrator determines in good faith that no amount would have been attained upon the exercise or settlement of such Award or

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realization of the Participant's rights, then such Award may be terminated by the Corporation without payment); (iv) the replacement of such Award with other rights or property selected by the Board of Directors in its sole discretion where such replacement would not adversely affect the holder; or (v) any combination of the foregoing. In taking any of the actions permitted under this Section 11.2(a), the Plan Administrator will not be required to treat all Awards similarly in the transaction. Notwithstanding the foregoing, in the case of Options held by a Canadian Taxpayer, the Plan Administrator may not cause the Canadian Taxpayer to receive (pursuant to this Subsection 11.2(a)) any property in connection with a Change in Control other than rights to acquire shares or units of a "mutual fund trust" (as defined in the Tax Act), of the Corporation or a "qualifying person" (as defined in the Tax Act) that does not deal at arm's length (for purposes of the Tax Act) with the Corporation, as applicable, at the time such rights are issued or granted.

(b) Notwithstanding Section 10.1, and except as otherwise provided in a written employment or other agreement between the Corporation or a subsidiary of the Corporation and a Participant, if within 12 months following the completion of a transaction resulting in a Change in Control, a Participant's employment, consultancy or directorship is terminated by the Corporation or a subsidiary of the Corporation without Cause:

(i) any unvested Awards held by the Participant at the Termination Date shall immediately vest; and

(ii) any vested Awards of Participants may, subject to Section 6.6(d) (where applicable), be exercised, surrendered or settled by such Participant at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Award; and (B) the date that is 90 days after the Termination Date, provided that any vested Awards (other than Options) granted to U.S. Taxpayers will be settled within 90 days of the Participant's "separation from service". Any Award that has not been exercised, surrendered or settled at the end of such period will be immediately forfeited and cancelled.

(c) Notwithstanding Subsection 11.2(a) and unless otherwise determined by the Plan Administrator, if, as a result of a Change in Control, the Shares will cease trading on an Exchange, then the Corporation may terminate all of the Awards, other than an Option held by a Canadian Taxpayer for the purposes of the Tax Act, granted under this Plan at the time of and subject to the completion of the Change in Control transaction by paying to each holder at or within a reasonable period of time following completion of such Change in Control transaction an amount for each Award equal to the fair market value of the Award held by such Participant as determined by the Plan Administrator, acting reasonably, provided that any vested Awards granted to U.S. Taxpayers will be settled within 90 days of the Change in Control.

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(d) It is intended that any actions taken under this Section 11.2 will comply with the requirements of Section 409A of the Code with respect to Awards granted to U.S. Taxpayers.

11.3 Reorganization of Corporation's Capital

Should the Corporation effect a subdivision or consolidation of Shares or any similar capital reorganization or a payment of a stock dividend (other than a stock dividend that is in lieu of a cash dividend), or should any other change be made in the capitalization of the Corporation that does not constitute a Change in Control and that would warrant the amendment or replacement of any existing Awards in order to adjust the number of Shares that may be acquired on the vesting of outstanding Awards and/or the terms of any Award in order to preserve proportionately the rights and obligations of the Participants holding such Awards, the Plan Administrator will, subject to the prior approval of the Exchange, authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

11.4 Other Events Affecting the Corporation

In the event of an amalgamation, combination, arrangement, merger or other transaction or reorganization involving the Corporation and occurring by exchange of Shares, by sale or lease of assets or otherwise, that does not constitute a Change in Control and that warrants the amendment or replacement of any existing Awards in order to adjust the number and/or type of Shares that may be acquired, or by reference to which such Awards may be settled, on the vesting of outstanding Awards and/or the terms of any Award in order to preserve proportionately the rights and obligations of the Participants holding such Awards, the Plan Administrator will, subject to the prior approval of the Exchange, authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

11.5 Immediate Acceleration of Awards

In taking any of the steps provided in Sections 11.3 and 11.4, the Plan Administrator will not be required to treat all Awards similarly and where the Plan Administrator determines that the steps provided in Sections 11.3 and 11.4 would not preserve proportionately the rights, value and obligations of the Participants holding such Awards in the circumstances or otherwise determines that it is appropriate, the Plan Administrator may, but is not required to, permit the immediate vesting of any unvested Awards, provided that any such adjustments or acceleration of vesting undertaken pursuant to sections 11.3, 11.4 or 11.5 shall be undertaken only to the extent they will not result in adverse tax consequences under Section 409A of the Code.

11.6 Issue by Corporation of Additional Shares

Except as expressly provided in this Article 11, neither the issue by the Corporation of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to the number of Shares that may be acquired as a result of a grant of Awards.

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11.7 Fractions

No fractional Shares will be issued pursuant to an Award. Accordingly, if, as a result of any adjustment under this Article 11 or a dividend equivalent, a Participant would become entitled to a fractional Share, the Participant has the right to acquire only the adjusted number of full Shares and no payment or other adjustment will be made with respect to the fractional Shares, which shall be disregarded.

ARTICLE 12 U.S. TAXPAYERS

12.1 Provisions for U.S. Taxpayers

Options granted under this Plan to U.S. Taxpayers may be non-qualified stock options or incentive stock options qualifying under Section 422 of the Code (“**ISOs**”). Each Option shall be designated in the Award Agreement as either an ISO or a non-qualified stock option. If an Award Agreement fails to designate an Option as either an ISO or non-qualified stock option, the Option will be a non-qualified stock option. The Corporation shall not be liable to any Participant or to any other Person if it is determined that an Option intended to be an ISO does not qualify as an ISO. Non-qualified stock options will be granted to a U.S. Taxpayer only if (i) such U.S. Taxpayer performs services for the Corporation or any corporation or other entity in which the Corporation has a direct or indirect controlling interest or otherwise has a significant ownership interest, as determined under Section 409A, such that the Option will constitute an option to acquire “**service recipient stock**” within the meaning of Section 409A, or (ii) such option otherwise is exempt from Section 409A.

12.2 ISOs

Subject to any limitations in Section 3.6, the aggregate number of Shares reserved for issuance in respect of granted ISOs shall not exceed 10,000,000 Shares, and the terms and conditions of any ISOs granted to a U.S. Taxpayer on the Date of Grant hereunder, including the eligible recipients of ISOs, shall be subject to the provisions of Section 422 of the Code, and the terms, conditions, limitations and administrative procedures established by the Plan Administrator from time to time in accordance with this Plan. At the discretion of the Plan Administrator, ISOs may only be granted to an individual who is an employee of the Corporation, or of a “parent corporation” or “subsidiary corporation” of the Corporation, as such terms are defined in Sections 424(e) and (f) of the Code.

12.3 ISO Grants to 10% Shareholders

Notwithstanding anything to the contrary in this Plan, if an ISO is granted to a person who owns shares representing more than 10% of the voting power of all classes of shares of the Corporation or of a “parent corporation” or “subsidiary corporation”, as such terms are defined in Section 424(e) and (f) of the Code, on the Date of Grant, the term of the Option shall not exceed five years from the time of grant of such Option and the Exercise Price shall be at least 110% of the Market Price of the Shares subject to the Option.

12.4 \$100,000 Per Year Limitation for ISOs

To the extent the aggregate Market Price as at the Date of Grant of the Shares for which ISOs are exercisable for the first time by any person during any calendar year (under all plans of the Corporation and any “parent corporation” or “subsidiary corporation”, as such terms are defined in Section 424(e) and (f) of the Code) exceeds US\$100,000, such excess ISOs shall be treated as non-qualified stock options.

12.5 Disqualifying Dispositions

Each person awarded an ISO under this Plan shall notify the Corporation in writing immediately after the date he or she makes a disposition or transfer of any Shares acquired pursuant to the exercise of such ISO if such disposition or transfer is made (a) within two years from the Date of Grant or (b) within one year after the date such person acquired the Shares. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the person in such disposition or other transfer. The Corporation may, if determined by the Plan Administrator and in accordance with procedures established by it, retain possession of any Shares acquired pursuant to the exercise of an ISO as agent for the applicable person until the end of the later of the periods described in

(a) or (b) above, subject to complying with any instructions from such person as to the sale of such Shares.

12.6 Section 409A of the Code

This Plan will be construed and interpreted to be exempt from, or where not so exempt, to comply with Section 409A of the Code to the extent required to preserve the intended tax consequences of this Plan. Any reference in this Plan to Section 409A of the Code shall also include any regulation promulgated thereunder or any other formal guidance issued by the Internal Revenue Service with respect to Section 409A of the Code. Each Award shall be construed and administered such that the Award either (A) qualifies for an exemption from the requirements of Section 409A of the Code or (B) satisfies the requirements of Section 409A of the Code. If an Award is subject to Section 409A of the Code, (I) distributions shall only be made in a manner and upon an event permitted under section 409A of the Code, (II) payments to be made upon a termination of employment or service shall only be made upon a “separation from service” under Section 409A of the Code,

(III) unless the Award specifies otherwise, each installment payment shall be treated as a separate payment for purposes of Section 409A of the Code, and (IV) in no event shall a Participant, directly or indirectly, designate the calendar year in which a distribution is made except in accordance with Section 409A of the Code. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A of the Code, the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A of the Code, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A of the Code. Payment of any Award that is intended to be exempt from Section 409A of the Code as a short- term deferral shall in all events be paid by no later than March 15 of the year

following the year of the applicable vesting event. The Corporation reserves the right to amend this Plan to the extent it reasonably determines is necessary in order to preserve the intended tax consequences of this Plan in light of Section 409A of the Code. In no event will the Corporation or any of its subsidiaries or Affiliates be liable for any tax, interest or penalties that may be imposed on a Participant under Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

(b) All terms of the Plan that are undefined or ambiguous must be interpreted in a manner that complies with Section 409A of the Code if necessary to comply with Section 409A of the Code.

- (c) The Plan Administrator, in its sole discretion, may permit the acceleration of the time or schedule of payment of a U.S. Taxpayer's vested Awards in the Plan under circumstances that constitute permissible acceleration events under Section 409A of the Code.
- (d) Notwithstanding any provisions of the Plan to the contrary, in the case of any "specified employee" within the meaning of Section 409A of the Code who is a U.S. Taxpayer, distributions of non-qualified deferred compensation under Section 409A of the Code made in connection with a "separation from service" within the meaning set forth in Section 409A of the Code may not be made prior to the date which is six months after the date of separation from service (or, if earlier, the date of death of the U.S. Taxpayer). Any amounts subject to a delay in payment pursuant to the preceding sentence shall be paid as soon practicable following such six-month anniversary of such separation from service.

12.7 Section 83(b) Election

If a Participant makes an election pursuant to Section 83(b) of the Code with respect to an Award of Shares subject to vesting or other forfeiture conditions, the Participant shall be required to promptly file a copy of such election with the Corporation.

12.8 Application of Article 12 to U.S. Taxpayers

For greater certainty, the provisions of this Article 12 shall only apply to U.S. Taxpayers.

ARTICLE 13 AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

13.1 Amendment, Suspension, or Termination of the Plan

The Plan Administrator may from time to time, without notice and without approval of the holders of voting shares of the Corporation, amend, modify, change, suspend or terminate the Plan or any Awards granted pursuant to the Plan as it, in its discretion determines appropriate, provided, however, that:

- (a) no such amendment, modification, change, suspension or termination of the Plan or any Awards granted hereunder may materially impair any rights of a Participant or materially increase any obligations of a Participant under the Plan without the consent of the Participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable Securities Laws or Exchange requirements; and
- (b) any amendment that would cause an Award held by a U.S. Taxpayer to be subject to income inclusion under Section 409A of the Code shall be null and void *ab initio* with respect to the U.S. Taxpayer unless the consent of the U.S. Taxpayer is obtained.

13.2 Shareholder Approval

Notwithstanding Section 13.1 and subject to any rules of the Exchange, approval of the holders of Shares shall be required for any amendment, modification or change that:

- (a) increases the percentage of Shares reserved for issuance under the Plan, except pursuant to the provisions under Article 11 which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (b) increases or removes the 10% limits on Shares issuable or issued to Insiders as set forth in Section 3.7;
- (c) reduces the exercise price of an Option Award (for this purpose, a cancellation or termination of an Option Award of a Participant prior to its Expiry Date for the purpose of reissuing an Option Award to the same Participant with a lower

exercise price shall be treated as an amendment to reduce the exercise price of an Option Award) except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;

- (d) extends the term of an Option Award beyond the original Expiry Date (except where an Expiry Date would have fallen within a blackout period applicable to the Participant or within 10 Business Days following the expiry of such a blackout period);
- (e) permits an Option Award to be exercisable beyond 10 years from its Date of Grant (except where an Expiry Date would have fallen within a blackout period of the Corporation);
- (f) permits Awards to be transferred to a Person in circumstances other than those specified under Section 3.9;
- (g) changes the eligible participants of the Plan; or

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- (h) deletes or reduces the range of amendments which require approval of shareholders under this Section 13.2.

13.3 Permitted Amendments

Without limiting the generality of Section 13.1, but subject to Section 13.2, the Plan Administrator may, without shareholder approval, at any time or from time to time, amend the Plan for the purposes of:

- (a) making any amendments to the general vesting provisions of each Award;
- (b) making any amendments to the provisions set out in Article 10;
- (c) making any amendments to add covenants of the Corporation for the protection of Participants, as the case may be, provided that the Plan Administrator shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Participants, as the case may be;
- (d) making any amendments not inconsistent with the Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Plan Administrator, having in mind the best interests of the Participants, it may be expedient to make, including amendments that are desirable as a result of changes in law in any jurisdiction where a Participant resides, provided that the Plan Administrator shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Participants and Directors; or
- (e) making such changes or corrections which, on the advice of counsel to the Corporation, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Plan Administrator shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the Participants.

ARTICLE 14 MISCELLANEOUS

14.1 Legal Requirement

The Corporation is not obligated to grant any Awards, issue any Shares or other securities, make any payments or take any other action if, in the opinion of the Plan Administrator, in its sole discretion, such action would constitute a violation by a Participant or the Corporation of any provision of any applicable statutory or regulatory enactment of any government or government agency or the requirements of any Exchange upon which the Shares may then be listed.

14.2 No Other Benefit

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of a Share, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

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14.3 Rights of Participant

No Participant has any claim or right to be granted an Award and the granting of any Award is not to be construed as giving a Participant a right to remain as an Employee, Consultant or Director. No Participant has any rights as a shareholder of the Corporation in respect of Shares issuable pursuant to any Award until the allotment and issuance to such Participant, or as such Participant may direct, of certificates representing such Shares.

14.4 Corporate Action

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

14.5 Conflict

In the event of any conflict between the provisions of this Plan and an Award Agreement, the provisions of the Award Agreement shall govern. In the event of any conflict between or among the provisions of this Plan or any Award Agreement, on the one hand, and a Participant's employment agreement with the Corporation or a subsidiary of the Corporation, as the case may be, on the other hand, the provisions of the employment agreement or other written agreement shall prevail.

14.6 Anti-Hedging Policy

By accepting an Award each Participant acknowledges that he or she is restricted from purchasing financial instruments such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of Awards.

14.7 Participant Information

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

14.8 Participation in the Plan

The participation of any Participant in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan. In particular, participation in the Plan does not constitute a condition of employment or engagement nor a commitment on the part of the Corporation to ensure the continued employment or engagement of such Participant. The Plan does not provide any guarantee against any loss which may result from fluctuations in the market value

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of the Shares. The Corporation does not assume responsibility for the income or other tax consequences for the Participants and Directors and they are advised to consult with their own tax advisors.

14.9 International Participants

With respect to Participants who reside or work outside Canada and the United States, the Plan Administrator may, in its sole discretion, amend, or otherwise modify, without shareholder approval, the terms of the Plan or Awards with respect to such Participants in order to conform such terms with the provisions of local law, and the Plan Administrator may, where appropriate, establish one or more sub-plans to reflect such amended or otherwise modified provisions.

14.10 Successors and Assigns

The Plan shall be binding on all successors and assigns of the Corporation and its subsidiaries.

14.11 General Restrictions or Assignment

Except as required by law, the rights of a Participant under the Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant unless otherwise approved by the Plan Administrator.

14.12 Severability

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

14.13 Notices

All written notices to be given by a Participant to the Corporation shall be delivered personally, e-mail or mail, postage prepaid, addressed as follows:

Cardiol Therapeutics Inc.
602-2265 Upper Middle Road East Oakville, ON
L6H 0G5

Attention: Director, Finance
dan.crandall@cardiolrx.com

All notices to a Participant will be addressed to the principal address of the Participant on file with the Corporation. Either the Corporation or the Participant may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally or by e-mail, on the date of delivery, and if sent by mail, on the fifth Business Day following the date of mailing. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.

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14.14 Governing Law

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without any reference to conflicts of law rules.

14.15 Submission to Jurisdiction

The Corporation and each Participant irrevocably submits to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Ontario in respect of any action or proceeding relating in any way to the Plan, including, without limitation, with respect to the grant of Awards and any issuance of Shares made in accordance with the Plan.

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SCHEDULE A
CARDIOL THERAPEUTICS INC.
OMNIBUS EQUITY INCENTIVE PLAN
(THE “PLAN”)

ELECTION NOTICE

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

Pursuant to the Plan, I hereby elect to participate in the grant of DSUs pursuant to Article 7 of the Plan and to receive ___% of my Cash Fees in the form of DSUs.

If I am a U.S. Taxpayer, I hereby further elect for any DSUs subject to this Election Notice to be settled on the later of (i) my “separation from service” (within the meaning of Section 409A) or

(ii) ____. I confirm that:

(a) I have received and reviewed a copy of the terms of the Plan and agreed to be bound by them.

(b) I recognize that when DSUs credited pursuant to this election are redeemed in accordance with the terms of the Plan, income tax and other withholdings as required will arise at that time. Upon redemption of the DSUs, the Corporation will make all appropriate withholdings as required by law at that time.

(c) The value of DSUs is based on the value of the Shares of the Corporation and therefore is not guaranteed.

(d) To the extent I am a U.S. taxpayer, I understand that this election is irrevocable for the calendar year to which it applies and that any revocation or termination of this election after the expiration of the election period will not take effect until the first day of the calendar year following the year in which I file the revocation or termination notice with the Corporation.

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

Date:

(Name of Participant)

(Signature of Participant)

SCHEDULE B
CARDIOL THERAPEUTICS INC.
OMNIBUS EQUITY INCENTIVE PLAN
(THE “PLAN”)

ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DSUS

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

Notwithstanding my previous election in the form of Schedule A to the Plan, I hereby elect that no portion of the Cash Fees accrued after the date hereof shall be paid in DSUs in accordance with Article 7 of the Plan.

I understand that the DSUs already granted under the Plan cannot be redeemed except in accordance with the Plan.

I confirm that I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.

Date:

(Name of Participant)

(Signature of Participant)

Note: An election to terminate receipt of additional DSUs can only be made by a Participant once in a calendar year.

**SCHEDULE C
CARDIOL THERAPEUTICS INC.**

**OMNIBUS EQUITY INCENTIVE PLAN
(THE "PLAN")**

**ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DSUS
(U.S. TAXPAYERS)**

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

Notwithstanding my previous election in the form of Schedule A to the Plan, I hereby elect that no portion of the Cash Fees accrued after the effective date of this termination notice shall be paid in DSUs in accordance with Article 5 of the Plan.

I understand that this election to terminate receipt of additional DSUs will not take effect until the first day of the calendar year following the year in which I file this termination notice with the Corporation.

I understand that the DSUs already granted under the Plan cannot be redeemed except in accordance with the Plan.

I confirm that I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.

Date:

(Name of Participant)

(Signature of Participant)

Note: An election to terminate receipt of additional DSUs can only be made by a Participant once in a calendar year.



August 19, 2021

Cardiol Therapeutics Inc.
602-2265 Upper Middle Road East
Oakville, Ontario L6H 0G5

Ladies and Gentlemen:

Re: Cardiol Therapeutics Inc. - Registration Statement on Form S-8

We are Canadian counsel to Cardiol Therapeutics Inc. (the “**Corporation**”), a corporation existing under the *Business Corporations Act* (Ontario), in connection with the preparation and filing with the United States Securities and Exchange Commission of a registration statement (the “**Registration Statement**”) on Form S-8 under the United States *Securities Act of 1933*, as amended (the “**Act**”) with respect to an aggregate of 6,441,989 Class A common shares of the Corporation (the “**Common Shares**”) issuable under (i) the Corporation's Amended and Restated Equity Compensation Plan (the “**Old Plan**”) approved by the Corporation's shareholders on June 1, 2020, and (ii) the Corporation's Omnibus Equity Incentive Plan (the “**New Plan**”) approved by the Corporation's shareholders on June 29, 2021.

For the purposes of the opinions expressed below, we have considered such questions of law, made such investigations, and examined originals or copies, certified or otherwise identified to our satisfaction, of the certificates of public officials and other certificates, documents and records, that we considered necessary or relevant.

We have relied exclusively upon the documents and records we examined with respect to the accuracy of the factual matters contained in them and we have not performed any independent investigation or verification of those factual matters. We have assumed those factual matters were accurate on the date given and continue to be accurate as of the date of this opinion letter.

For the purposes of the opinions expressed below, we have assumed, without independent investigation or inquiry, that, with respect to all documents examined by us, all documents submitted to us as originals are authentic, and all documents submitted to us as copies conform to the authentic original documents.

The opinions expressed in this opinion letter are limited to the laws of the province of Ontario and the federal laws of Canada applicable in that province.

Based upon and subject to the foregoing and to the qualifications set forth in this opinion letter we are of the opinion that:

- (a) the Corporation has taken all necessary corporate action to authorize the issue of the Common Shares;
- (b) upon the due and proper exercise of options previously granted under the Old Plan and which may be granted under the New Plan (including payment of the exercise price for the Common Shares), the Common Shares issuable upon the exercise of such options will be issued as fully paid and non-assessable Common Shares; and
- (c) upon the due and proper settlement of awards (other than options referred to under paragraph (b) of this opinion) which may be granted under the New Plan in accordance with the terms of the New Plan, the Common Shares issuable upon the settlement of such awards will be issued as fully paid and non-assessable Common Shares.

We consent to the use of this opinion as an exhibit to the Registration Statement. In giving this consent, however, we do not admit that we are “experts” within the meaning of Section 11 of the Act as amended, or within the category of persons whose consent is required by Section 7 of the Act.

The opinions set out in this opinion letter speak only as of the date of this opinion, and by giving them we do not undertake to advise the addressee or otherwise update or supplement this opinion letter to reflect any facts or circumstances or any changes in laws which may occur after the date of this opinion, or consider the applicability or correctness of this opinion to any person other than the addressee.

This opinion is delivered exclusively for use in connection with the filing by the Corporation of the Registration Statement, and is not to be used or relied upon for any other reason without our prior written consent.

Yours truly,

/s/ Borden Ladner Gervais LLP

Consent of Independent Registered Public Accounting Firm

Cardiol Therapeutics Inc.
Oakville, Ontario

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of Cardiol Therapeutics Inc. of our report dated March 31, 2021, relating to the financial statements of Cardiol Therapeutics Inc., which appears in Exhibit 4.2 to the Registrant's registration statement on Form F-10 filed with the Securities and Exchange Commission on July 8, 2021, as amended August 3, 2021.

/s/ BDO Canada LLP

BDO Canada LLP
Montréal, Québec

August 19, 2021