

KELSO TECHNOLOGIES INC.
OMNIBUS EQUITY INCENTIVE PLAN

April 21, 2025

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OMNIBUS EQUITY INCENTIVE PLAN

ARTICLE 1 PURPOSE

1.1 Purpose

The purpose of this Omnibus Equity Incentive Plan (this “**Plan**”) is to attract, retain and reward those employees, directors and other individuals who are expected to contribute to the success of Kelso Technologies Inc. (the “**Corporation**”) and its Related Entities (as defined below), to incentivize such individuals to perform at the highest level, to strengthen the mutuality of interests between such individuals and the Corporation’s shareholders and, in general, to further the best interests of the Corporation and its shareholders.

ARTICLE 2 INTERPRETATION

2.1 Definitions

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

“**Account**” means an account maintained for each Participant which will be credited with Awards in accordance with the terms of this Plan in physical or electronic format (including pursuant to any electronic incentive compensation system maintained by the Corporation or a third-party service provider on its behalf);

“**Affiliate**” has the meaning ascribed thereto in National Instrument 45-106 – Prospectus Exemptions;

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

“**Award Agreement**” means a signed, written agreement between a Participant and the Corporation, in physical or electronic format 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 Vancouver 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 Equivalent**” means the amount of money equal to the Fair Market Value multiplied by the number of vested RSUs or DSUs, as applicable, in the Participant’s Account, net of any applicable taxes in accordance with Section 8.3, on the date any such Award is settled;

“**Cash Fees**” has the meaning set forth in Subsection 6.1(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 Related Entity and the Employee;

(b) in the event there is no written or other applicable employment or other agreement between the Corporation or a Related Entity or “cause” (or any similar term) is not defined in such agreement, “cause” as such term is defined in the Award Agreement;

(c) in the event neither (a) nor (b) apply, then “cause” as such term is defined by applicable employment statute; or

(d) in the event neither (a), (b) nor (c) apply, then “cause” shall mean:

- (i) the Participant’s willful failure to perform any of the Participant’s material duties;
- (ii) the Participant’s material violation of the Corporation or a Related Entity’s policy;
- (iii) any act of dishonesty, theft, misappropriation of the property of the Corporation or Affiliate, or fraud by the Participant;
- (iv) the Participant’s gross misconduct in the performance of the Participant’s duties that results in material harm to the Corporation or any Affiliate;
- (v) the Participant’s conviction of, or please of guilty or no contest (or its equivalent) to, a felony;
- (vi) the Participant’s material breach of the Participant’s employment agreement with the Corporation or a Related Entity; or
- (vii) any other grounds which constitute cause at common law;

“**Change in Control**” means, unless the Board determines otherwise, the occurrence, in a single transaction or a series of related transactions, of any one or more of the following events:

(a) any individual, entity or group of individuals or entities acting jointly or in concert (other than the Corporation, its Affiliates or an employee benefit plan or trust maintained by the Corporation or its Affiliates, or any company owned, directly or indirectly, by the shareholders of the Corporation in substantially the same proportions as their ownership of Shares of the Corporation) acquiring beneficial ownership, directly or indirectly, of more than 50% of the combined voting power of the Corporation’s then outstanding securities entitled to vote in the election of directors of the Corporation (excluding any “person” who becomes such a beneficial owner in connection with a transaction described in paragraph (b) of this definition);

(b) the consummation of an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) the Corporation and, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Corporation immediately prior thereto do not beneficially own, directly or indirectly, either (A) outstanding

voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such amalgamation, merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Corporation immediately prior to such transaction;

(c) the sale, lease, exchange, license or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Corporation or any of its subsidiaries which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Corporation and its subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned subsidiary of the Corporation in the course of a reorganization of the assets of the Corporation and its wholly-owned subsidiaries;

(d) the passing of a resolution by the Board or shareholders of the Corporation to substantially liquidate the assets of the Corporation or wind up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a *bona fide* reorganization of the Corporation in circumstances where the business of the Corporation is continued and the shareholdings remain substantially the same following the re-arrangement);

(e) individuals who, on the Effective Date, are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board; or

(f) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent;

"Committee" has the meaning set forth in Section 3.2;

"Consultant" means any natural person, other than an Employee or Director, who is an advisor or consultant who provides *bona fide* ongoing services to the Corporation or its Related Entities, provided that such services 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 securities of the Corporation or its Related Entities;

"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**” has the meaning set forth in Section 1.1;

“**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 6;

“**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 (i) the definition designated by the Employee and the Corporation or a Related Entity as “Disabled” or “Disability” (or similar term) in a written employment or other agreement between the Employee and Corporation or a Related Entity or (ii) if no such written employment or other agreement exists the Participant’s inability to substantially fulfil their job functions on behalf of the Corporation as a result of any medical condition whatsoever (including physical or mental illness) which, despite the provision of reasonable accommodations by the Corporation, leads to the Participant’s absence from the workplace for the foreseeable future;

“**Effective Date**” means the effective date of this Plan, being April 21, 2025, subject to the approval of the shareholders of the Corporation;

“**Elected Amount**” has the meaning set forth in Subsection 6.1(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 6.1(b);

“**Election Notice**” has the meaning set forth in Subsection 6.1(b);

“**Employee**” means any employee of the Corporation or of a Related Entity (including, without limitation, an employee who is also serving as an officer or director of the Corporation or a Related Entity), designated by the Plan Administrator to be eligible to be granted one or more Awards under the Plan;

“**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;

“Fair Market Value” of a Share means the following:

- (a) if the common shares of the Corporation are listed on the Stock Exchange, the higher of (i) the volume weighted average trading price of the common shares of the Corporation on the Stock Exchange for the five (5) trading days ending on the last trading day immediately prior to the applicable date or (ii) the closing price of the common shares on the Stock Exchange on the applicable date, and if such applicable date is not a trading day, the last market trading day prior to such date;
- (b) if the common shares of the Corporation are not listed on the Stock Exchange, but are traded on the over-the-counter market and sales prices are regularly reported for the common shares, the closing or, if not applicable, the last price of the common shares on the applicable date and if such applicable date is not a trading day, the last market trading day prior to such date;
- (c) if the common shares of the Corporation are not traded on the Stock Exchange but are traded on the over-the-counter market and sales prices are not regularly reported for the common shares for the applicable trading day, and if bid and asked prices for the common shares are regularly reported, the mean between the bid and the asked price for the common shares at the close of trading in the over-the-counter market for the most recent trading day on which common shares were traded on the applicable date and if such applicable date is not a trading day, the last market trading day prior to such date; and
- (d) if the common shares of the Corporation are neither listed on the Stock Exchange nor traded in the over-the-counter market, such value as the Plan Administrator, in good faith, shall determine in compliance with applicable laws;

“In-the-Money Amount” has the meaning set forth in Subsection 4.5(b);

“Insider” has the meaning set out in the TSX Company Manual;

“Option” means an incentive stock option granted under this Plan;

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

“Participant” means a Director, Employee (which, for greater certainty, includes officers of the Corporation) or Consultant to whom an Award has been granted under this Plan. As used herein, “Participant” shall include a Participant’s survivor(s) where the context requires;

“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 Related Entity of the Corporation, a division of the Corporation or a Related Entity, or an individual, or may be applied to the performance of the Corporation or a Related Entity 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;

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

“Plan” has the meaning set forth in Section 1.1;

“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;

“Related Entity” means an entity (i) that is an Affiliate or (ii) in which the Corporation has an equity or other interest and is designated by the Plan Administrator, from time to time, for purposes of this Plan to be a Related Entity;

“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;

“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 Related Entity, including a share purchase from treasury;

“Share” means one 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 10, 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 7;

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

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

“Termination Date” means the date on which a Participant ceases, for any reason including resignation, retirement, termination, death or disability, to be an active Employee, a Consultant, or a Director, as the case may be, and, in the case of a Participant who is an Employee, where the employment is terminated by the Corporation or a Related Entity, whether wrongful or for cause or otherwise, the date designated by the Corporation or a Related Entity, as the case may be, on which the Employee ceases to perform work for the Corporation or the Related Entity, 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 adjusted to include any statutory notice period that the Corporation or the Related Entity (as the case may be) may be required by statute to continue and maintain the Participant’s Options or other Awards, notwithstanding any pay in lieu of notice of termination, severance pay or other damages paid or payable to the Participant, but shall be deemed to exclude any other period that follows or ought to have followed any statutory notice period whether that period arises from a contractual or common law right, and, in the case of a Participant who is a Consultant, the date the written contract between the Consultant and the Corporation or any Related Entity is terminated or expires and the Consultant no longer provides services thereunder;

“Termination Notice” has the meaning set forth in Subsection 6.1(d);

“TSX” means the Toronto Stock Exchange;

“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 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); and

“U.S. Securities Act” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

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.

(d) 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.

(e) Unless otherwise specified, all references to money amounts are to Canadian currency.

(f) The headings used herein are for convenience only and are not to affect the interpretation of this Plan.

ARTICLE 3 ADMINISTRATION

3.1 Administration

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

(a) determine the Persons 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 or 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;

(B) Awards shall become vested, including any conditions relating to the attainment of specified Performance Goals; or

(C) Awards may be forfeited to the Corporation, including any conditions relating to the attainment of specified Performance Goals;

(iii) the price, if any, to be paid by a Participant in connection with the purchase of Shares covered by any Awards;

(iv) 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

(v) 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 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 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 Related Entities 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 Subsection 9.1(c). 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 any securities exchange or 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, no Awards shall be issued in the United States or to any U.S. Person under this Plan. 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 10 and any subsequent amendment to this Plan, the aggregate number of Shares reserved for issuance from treasury pursuant to (i) Options granted under this Plan and Options granted under any other Security Based Compensation Arrangement shall not exceed 10% of the Corporation's total issued and outstanding Shares from time to time, and (ii) all other Awards granted under this Plan shall not exceed **[5,516,008]** Shares, such number being 10% of the Corporation's total issued and outstanding Shares as of the date of adoption of this Plan by the Board. The portion of this Plan that relates to the grant of Options hereunder is considered an "evergreen" plan, since the shares covered by Options which have been exercised or terminated shall be available for subsequent grants under the Plan and the number of Options 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 or conversion in full, or are surrendered 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. For the avoidance of doubt, to the extent any Options granted under this Plan are

exercised, the Shares covered by such Options shall be available for subsequent grants under the Plan and the number of Options available to grant shall increase as the number of issued and outstanding Shares increases.

(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:

(a) issuable to Insiders at any time, under all of the Corporation's Security Based Compensation Arrangements, shall not exceed 10% of the Corporation's then issued and outstanding Shares;

(b) issued to Insiders within any one-year period, under all of the Corporation's Security Based Compensation Arrangements, shall not exceed 10% of the Corporation's then issued and outstanding Shares; and

(c) which may be granted by the Corporation to each non-employee Director, under all of the Corporation's Security Based Compensation Arrangements, shall not exceed \$150,000 in any fiscal year, of which not more than \$100,000 may be in the form of Options granted under this Plan (the "Non-Employee Director Participation Limits"). The Non-Employee Director Participation Limits do not apply where the Corporation is making an initial grant to a new non-employee Director upon that person joining the Board,

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 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 Fair Market Value 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. The term of each Option shall be fixed by the Plan Administrator, but shall not exceed 10 years from the Date of Grant.

4.4 Vesting and Exercisability

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

(b) 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 Related Entity 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.

(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.

(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

(a) 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 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 Subsection 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.

(b) 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 Fair Market Value 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 8.3, 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.

(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 Subsection 4.5(b), to the extent that such Participant would be entitled to a deduction under Subparagraph 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

(a) 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 shall be evidenced by an Award Agreement.

(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 Fair Market Value 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 the Participant’s Account, 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, including vesting conditions relating to the attainment of specified Performance Goals.

5.4 Settlement of RSUs

Settlement of RSUs shall take place promptly following the settlement date for any RSUs, and shall take the form determined by the Board, in its discretion. Settlement of RSUs shall be subject to Section 8.3 below and, except as otherwise provided in an Award Agreement, shall take place through:

(a) in the case of settlement of RSUs for their Cash Equivalent, delivery of a cash payment to the Participant representing the Cash Equivalent;

(b) in the case of settlement of RSUs for Shares:

(i) delivery to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) of a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive (unless the Participant intends to simultaneously dispose of any such Shares); or

(ii) in the case of Shares issued in uncertificated form, issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive to be evidenced by a book position on the register of the shareholders of the Corporation to be maintained by the transfer agent and registrar of the Shares; or

(c) in the case of settlement of the RSUs for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.

Payment of cash to Participants on the redemption of vested RSUs may be made through the Corporation's payroll or in such other manner as determined by the Corporation. The Plan Administrator shall have the sole authority to determine any other settlement terms applicable to the grant of RSUs. For greater certainty, settlement shall occur no later than December 31 of the third calendar year following the calendar year in which the performance of services for which such RSU is granted, occurred.

ARTICLE 6 DEFERRED SHARE UNITS

6.1 Granting of DSUs

(a) A portion of the Director Fees may 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 Subsection 6.1(b) to participate in the grant of additional DSUs pursuant to this Article 6. An Electing Person who elects to participate in the grant of additional DSUs pursuant to this Article 6 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**").

(b) 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 attached as 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, and (ii) in the case of a newly appointed Electing Person, within 30 days of such appointment with respect to compensation paid for services to be performed after such date. 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 their Cash Fees in cash.

(c) Subject to Subsection 6.1(b), the election of an Electing Person shall be deemed to apply to all Cash Fees paid subsequent to the filing of the Election Notice. An Electing Person is not required to file another Election Notice for subsequent calendar years.

(d) Each Electing Person is entitled once per calendar year to terminate their election to receive DSUs by filing with the Chief Financial Officer of the Corporation a termination notice (the “**Termination Notice**”) in the form attached as Schedule “B” hereto. Such termination shall be effective immediately upon receipt of the Termination Notice, provided that the Corporation has not imposed a “blackout” on trading. Thereafter, any portion of such Electing Person’s Cash Fees payable or paid in the same calendar year and, subject to complying with Subsection 6.1(b), all subsequent calendar years shall be paid in cash. For greater certainty, to the extent an Electing Person terminates their participation in the grant of DSUs pursuant to this Article 6, they shall not be entitled to elect to receive the Elected Amount, or any other amount of their Cash Fees in DSUs again until the calendar year following the year in which the Termination Notice is delivered.

(e) Any DSUs granted pursuant to this Article 6 prior to the delivery of a Termination Notice pursuant to Subsection 6.1(d) shall remain in the Plan following such termination and will be redeemable only in accordance with the terms of the Plan.

(f) The number of DSUs (including fractional DSUs) granted at any particular time pursuant to this Article 6 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 Fair Market Value of a Share on the Date of Grant.

(g) 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.

6.2 DSU Account

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

6.3 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.

6.4 Settlement of DSUs

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 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). Settlement of DSUs shall be subject to Section 8.3 and shall take place through:

(a) in the case of settlement of DSUs for their Cash Equivalent, delivery of a cash payment to the Participant representing the Cash Equivalent;

(b) in the case of settlement of DSUs for Shares:

(i) delivery to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) of a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive (unless the Participant intends to simultaneously dispose of any such Shares); or

(ii) in the case of Shares issued in uncertificated form, issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive to be evidenced by a book position on the register of the shareholders of the Corporation to be maintained by the transfer agent and registrar of the Shares; or

(c) in the case of settlement of the DSUs for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.

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.

6.5 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 Fair Market Value of the Shares to which the DSUs relate.

ARTICLE 7

SHARE-BASED AWARDS

7.1 Share-Based Awards

The Plan Administrator may, subject to the prior approval of the Stock Exchange, as required, 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 Plan Administrator 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 8

ADDITIONAL AWARD TERMS

8.1 Dividend Equivalents

(a) Unless otherwise determined by the Plan Administrator or as set forth in the particular Award Agreement, an Award of RSUs and DSUs shall include the right for such RSUs and DSUs be credited with dividend equivalents in the form of additional RSUs and DSUs, respectively, as of each dividend 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 and DSUs, as applicable, held by the Participant on the record date for the payment of such dividend, by (b) the Fair Market Value 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 and DSUs to which they relate, and shall be settled in accordance with Sections 5.4 and 6.4, 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.

8.2 Blackout Period

In the event that an Award expires or vests 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 or settlement of such Award will be automatically extended to the earlier of the date (i) that is ten Business Days after which such scheduled blackout terminates, or (2) upon which there is no longer such undisclosed material change or material fact.

8.3 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 Related Entity 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 Related Entity, as the case may be. Alternatively, and subject to any requirements or limitations under applicable law, the Corporation or any Related Entity may (a) withhold such amount from any remuneration or other amount payable by the Corporation or any Related Entity 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. By participating in the Plan, the Participant consents to such sale and authorizes the Plan Administrator to undertake any of the foregoing in respect of the Shares on behalf of a Participant and to remit the appropriate amount to the applicable governmental authorities. Neither the Plan Administrator, the Corporation nor any Related Entity shall be responsible for obtaining any particular price for the Shares nor shall the Plan Administrator, Corporation or any Related Entity be required to issue any Shares under this Plan unless the Participant has made suitable arrangements with the Plan Administrator, Corporation and any applicable Related Entity to fund any withholding obligation.

8.4 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 Related Entity, 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 Stock Exchange. For certainty, to the extent permitted by applicable law, the Plan Administrator may seek to recoup any exercised Options or settled Awards, or adjust or reduce any unvested or vested Options or Awards. The Plan Administrator may at any time waive the application of this Section 8.4 to any Participant or category of Participants.

ARTICLE 9

TERMINATION OF EMPLOYMENT OR SERVICES

9.1 Termination of Employee, Consultant or Director

Subject to Section 9.2, unless the Plan Administrator in its sole discretion determines otherwise, including by providing a longer period than as set out below, 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 by the Corporation or a Related Entity 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 Related Entity 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), or on account of their becoming Disabled, or by reason of the death of the Participant, or by reason of resignation by the Participant, there will be no further vesting of any unvested Options or other Awards as of the Termination Date. 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 three months 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, such Award will be settled within 90 days after the Termination Date;

(c) 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 Related Entity, 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 or Disability of the Participant; and

(d) notwithstanding Subsection 9.1(b), unless the Plan Administrator, in its discretion, otherwise determines, at any time and from time to time, 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 Related Entity for so long as the Participant continues to be a Director, Employee or Consultant, as applicable, of the Corporation or a Related Entity.

9.2 Discretion to Permit Acceleration

Notwithstanding the provisions of Section 9.1, 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 Related Entity 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.

ARTICLE 10 **EVENTS AFFECTING THE CORPORATION**

10.1 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 10 would have an adverse effect on this Plan or on any Award granted hereunder.

10.2 Change in Control

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

(a) Subject to this Section 10.2, 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 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 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 Subsection 10.2(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 10.2(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 9.1, and except as otherwise provided in a written employment or other agreement between the Corporation or a Related Entity and a Participant, if the Participant is an executive officer or director of the Corporation, within 18 months following the completion of a transaction resulting in a Change in Control, a Participant's employment or directorship is terminated by the Corporation or a Related Entity without Cause:

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

(ii) any vested Awards of such Participants may 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 three months after the Termination Date. 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 10.2(a) and unless otherwise determined by the Plan Administrator, if, as a result of a Change in Control, the Shares will cease trading on the Stock 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.

10.3 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 Stock Exchange, as required, authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

10.4 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 Stock Exchange, authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

10.5 Immediate Acceleration of Awards

In taking any of the steps provided in Sections 10.3 and 10.4, the Plan Administrator will not be required to treat all Awards similarly and where the Plan Administrator determines that the steps provided in Sections 10.3 and 10.4 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.

10.6 Issue by Corporation of Additional Shares

Except as expressly provided in this Article 10, 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.

10.7 Fractions

No fractional Shares will be issued pursuant to an Award. Accordingly, if, as a result of any adjustment under this Article 10 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 11

AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

11.1 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 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 requirements under any applicable law or any requirements of the Stock Exchange.

11.2 Shareholder Approval

Notwithstanding Section 11.1 and subject to any rules of the Stock Exchange, approval of the holders of Shares shall be required for any amendment, modification or change that:

- (a) reduces the exercise price or purchase price of an Award benefiting an Insider of the Corporation;
- (b) extends the term of an Award benefiting an Insider of the Corporation;
- (c) increases the percentage of Shares reserved for issuance under the Plan, except pursuant to the provisions under Article 10, which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (d) increases or removes the 10% limits on Shares issuable or issued to Insiders as set forth in Section 3.7;
- (e) changes 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;
- (f) 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);

(g) 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);

(h) permits Awards to be transferred to a Person in circumstances other than those specified under Section 3.9;

(i) changes the eligible participants of the Plan; or

(j) deletes or reduces the range of amendments which require approval of shareholders under this Section 11.2.

11.3 Permitted Amendments

Without limiting the generality of Section 11.1, but subject to Section 11.2, 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 9;

(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 12 MISCELLANEOUS

12.1 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 the Stock Exchange.

12.2 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.

12.3 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.

12.4 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.

12.5 Conflict

In the event of any conflict between the provisions of this Plan and an Award Agreement, the provisions of the Plan 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 Related Entity, as the case may be, on the other hand, the provisions of this Plan shall prevail.

12.6 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.

12.7 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 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.

12.8 International Participants

With respect to Participants who reside or work outside Canada, the Plan Administrator may, to the extent permitted by law or the rules of the Stock Exchange, 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.

12.9 Successors and Assigns

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

12.10 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.

12.11 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.

12.12 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:

Kelso Technologies Inc.
305 – 1979 Old Okanagan Hwy,
West Kelowna, BC V4T 3A4
Attention: Chief Financial Officer
Email: sameer@kelsotech.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.

12.13 Indemnity

Neither the Board nor the Plan Administrator, nor any members of either, nor any employees of the Corporation or any Related Entity, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with their responsibilities with respect to this Plan, and the Corporation hereby agrees to indemnify the members of the Board, the members of the Committee, and the employees of the Corporation and its Related Entities in respect of any claim, loss, damage, or expense (including reasonable counsel fees) arising from any such act, omission, interpretation, construction or determination to the full extent permitted by law.

12.14 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 British Columbia and the federal laws of Canada applicable therein, without any reference to conflicts of law rules.

12.15 Submission to Jurisdiction

The Corporation and each Participant irrevocably submits to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of British Columbia 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.

12.16 Unfunded Obligations

The Corporation's obligations under the Plan are unfunded, and no Participant will have any right to specific assets of the Corporation in respect of any award under the Plan. Participants will be general unsecured creditors of the Corporation with respect to any amounts due or payable under the Plan.

SCHEDULE “A”
KELSO TECHNOLOGIES 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 6 of the Plan and to receive ____% of my Cash Fees in the form of DSUs.

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 have reviewed and understood my rights at termination under Article 9 of the Plan.
- (c) 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.
- (d) The value of DSUs is based on the value of the Shares of the Corporation and therefore is not guaranteed.

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”
KELSO TECHNOLOGIES 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 6 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 am not a United States taxpayer.

I confirm that I have received and reviewed a copy of the terms of the Plan and agree to be bound by them. For certainty, I confirm that I have reviewed and understood my rights at termination under Article 9 of the Plan.

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.