

DRAFT

STOCK OPTION PLAN
DIVERSIFIED ROYALTY CORP.
AMENDED AND RESTATED STOCK OPTION PLAN
JUNE 17, 2026
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NOTE: The proposed changes contained in this draft are subject to the approval of the shareholders of Diversified Royalty Corp. at the Annual General and Special Meeting to be held on June 17, 2026.

SECTION I - GENERAL PROVISIONS

1.1 Interpretation

For the purposes of this Plan, the following terms shall have the following meanings:

- 1.1.1 “**Affiliate**” means any corporation or other entity which is directly or indirectly controlled by the Corporation;
- 1.1.2 “**Associate**” has the meaning ascribed to that term under the *Securities Act* (Ontario);
- 1.1.3 “**Blackout Period**” means the time period, commonly referred to as the “blackout period”, determined by the Corporation in accordance with its trading policies pursuant to which directors, officers, employees and others are prohibited from trading in the securities of the Corporation (including exercising Options or Options with Stock Appreciation Right granted under the Plan) and, for greater certainty, Blackout Period shall not include any period in which there is a prohibition on trading in securities of the Corporation as a result of a cease trade or other order of any securities commission or regulator authority;
- 1.1.4 “**Board**” means the board of directors of the Corporation as constituted from time to time, or a committee and/or member thereof as authorized from time to time with respect to any particular functions of the board of directors, as set forth herein;
- 1.1.5 “**Change of Control**” means:
 - 1.1.5.1 a merger, a consolidation, a reorganization, an amalgamation or an arrangement that results in a transfer of more than 50% of the total voting power of the Corporation’s outstanding voting equity securities to a person or a group of persons different from a person or a group of persons holding those securities immediately prior to such transaction (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation);
 - 1.1.5.2 a direct or indirect sale or other transfer of beneficial ownership of securities of the Corporation, possessing more than 50% of the total combined voting power of the Corporation’s outstanding voting equity securities, to a person or a group of persons different from a person or a group of persons holding those securities immediately prior to such transaction (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation);
 - 1.1.5.3 a direct or indirect sale or other transfer of all or substantially all of the assets of the Corporation to a person or a group of persons different from a person or a group of persons holding those assets immediately prior to such transaction (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation); or

- 1.1.5.4 a complete liquidation, dissolution or winding-up of the Corporation;
- 1.1.6 “**Code**” means the United States Internal Revenue Code of 1986, as amended, and all regulations and other guidance thereunder;
- 1.1.7 “**Common Shares**” means a common share in the capital of the Corporation, and includes any shares of the Corporation into which such common shares may be converted, reclassified, redesignated, subdivided, consolidated, exchanged or otherwise changed;
- 1.1.8 “**Consultant**” means any individual (including an individual whose services are contracted through a personal holding corporation, but excluding any employee or a director of the Corporation), with whom the Corporation or a subsidiary has a contract for substantial services and such other individual or company, as may, from time to time, be permitted by the rules and policies of the applicable regulatory authorities to be granted Options or Options with Stock Appreciation Right as a consultant or equivalent thereto;
- 1.1.9 “**Corporation**” means Diversified Royalty Corp.;
- 1.1.10 “**Eligible Person**” means, subject to all applicable laws:
 - 1.1.10.1 any employee, officer, director of the Corporation or any Affiliate of the Corporation and any service provider of the Corporation or any Affiliate of the Corporation;
 - 1.1.10.2 any trust of which an employee, officer, director or service provider of the Corporation or of its Affiliates is the sole beneficiary;
 - 1.1.10.3 any corporation that provides services to the Corporation and or its Affiliates on an on-going basis and which is wholly-owned by an employee, officer, director or service provider of the Corporation;
 - 1.1.10.4 any Affiliate of the Corporation; or
 - 1.1.10.5 a Consultant;
- 1.1.11 “**Expiry Date**” means the last day on which an Option or Option with Stock Appreciation Rights may be exercised;
- 1.1.12 “**Fair Market Value**” means, on any particular day, the Market Price of a Common Share, but if the Common Shares are not listed and posted for trading on a Stock Exchange at the relevant time, it shall be the fair market value of the Common Shares as determined by the Board acting in good faith; provided that, with respect to a U.S. Participant, the Fair Market Value will at all times be determined in a manner that complies with Section 409A;
- 1.1.13 “**Good Leaver Termination**” means the termination of the Eligible Person’s service with the Corporation and its Affiliates without cause, or due to the Eligible Person’s resignation with Good Reason;

- 1.1.14 “**Good Reason**” means, the existence of which will be determined in good faith by the Board or a designee of the Board, with respect to an Eligible Person, if such Eligible Person has entered into a service or employment agreement with the Corporation or an Affiliate that is in effect, the meaning given to the term in that agreement, or, if no such agreement exists, or if “Good Reason” is not defined therein, then Good Reason means, within six months of a Change of Control, any of the following:
- 1.1.14.1 without the express written consent of the Eligible Person, any material change or series of changes in the responsibilities, authority, status or reporting relationship of the Eligible Person with the Corporation, or an Affiliate of the Corporation, such that immediately after such change or series of changes, the responsibilities, authority, status or reporting relationship of the Eligible Person, taken as a whole, are not at least substantially equivalent to those assigned to the Eligible Person immediately prior to such change or series of changes, excluding for this purpose an isolated and inadvertent action not taken in bad faith and which is remedied by the Corporation, or an Affiliate of the Corporation, promptly after receipt of notice thereof given by the Eligible Person;
 - 1.1.14.2 a reduction by the Corporation, or an Affiliate of the Corporation, in the Eligible Person’s annual base salary, except:
 - (A) as part of a general reduction in the base salary of all or substantially all of the senior executives of the Corporation, or an Affiliate of the Corporation, which affects the Eligible Person in substantially the same manner as the other senior executives who are also affected by such general reduction; and
 - (B) which reduction does not constitute more than 10% of his or her base salary;
 - 1.1.14.3 the taking of any action by the Corporation, or an Affiliate of the Corporation, which would materially adversely affect the Eligible Person’s participation in or materially reduce the Eligible Person’s benefits, except, in any such case, as part of a general reduction in benefits of all or substantially all of the senior executives of the Corporation, or an Affiliate of the Corporation, which affects the Eligible Person in substantially the same manner as the other senior executives who are also affected by such general reduction; or
 - 1.1.14.4 any requirement by the Corporation, or an Affiliate of the Corporation, that the Eligible Person’s principal office be relocated to a location which is more than 50 kilometers from his or her then current location, provided that the Eligible Person has not acquiesced or agreed to such relocation;
- 1.1.15 “**Insider**” has the meaning ascribed to that term under the Securities Act (Ontario), as amended from time to time, and shall include Associates and Affiliates of the Insider, and while the Common Shares are listed on the TSX, shall include only those Insiders who are “reporting insiders” as defined in National Instrument 55-104 – Insider Reporting Requirements and Exemptions:

- 1.1.16 “**Market Price**” while the Common Shares are listed on a Stock Exchange, means, on any particular day, the volume-weighted average trading price of a Common Share on the Stock Exchange for the five (5) preceding days on which the Common Shares were traded; provided that, with respect to a U.S. Participant, the Market Price shall not be less than the closing price of a Common Share on the Stock Exchange on any particular day;
- 1.1.17 “**Non-Executive Director**” means a director of the Corporation that is not also an employee or officer of the Corporation or any of its Affiliates;
- 1.1.18 “**Option**” means an option to purchase Common Shares granted to an Eligible Person pursuant to the terms of the Plan;
- 1.1.19 “**Optionee**” means an Eligible Person to whom an Option or Option with Stock Appreciation Rights has been granted under the Plan and who continues to hold such Option;
- 1.1.20 “**Participant**” means an Eligible Person to whom Options or Options with Stock Appreciation Rights have been granted;
- 1.1.21 “**Plan**” means this Amended and Restated Stock Option Plan, as amended from time to time;
- 1.1.22 “**Section 409A**” means Section 409A of the Code, together with all regulations and guidance promulgated thereunder;
- 1.1.23 “**Share Compensation Arrangement**” means any stock option, stock option plan, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;
- 1.1.24 “**Stock Appreciation Right**” means a stock appreciation right attached to an Option granted to an Eligible Person pursuant to the terms of the Plan;
- 1.1.25 “**Stock Exchange**” means the TSX while the Common Shares are listed on the TSX, or if the Common Shares are not listed and posted for trading on the TSX at any time, the stock exchange on which the Common Shares are then listed or posted for trading and primarily trade;
- 1.1.26 “**Termination Date**” means the date on which a Participant ceases to be an Eligible Person;
- 1.1.27 “**TSX**” means the Toronto Stock Exchange;
- 1.1.28 “**Withholding Amount**” as defined in section 2.3.8;
- 1.1.29 “**Withholding Obligations**” as defined in section 2.3.6; and
- 1.1.30 “**U.S. Participant**” means any Participant who is a United States citizen or United States resident alien as defined for purposes of Code Section 7701(b)(1)(A).

In this Plan, words imparting the singular number only shall include the plural and vice versa and words imparting the masculine shall include the feminine.

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.

1.2 Purpose

The purpose of the Plan is to advance the interests of the Corporation, as applicable, by:

- 1.2.1 providing Eligible Persons with additional incentive;
- 1.2.2 providing Eligible Persons with incentive compensation based on the appreciation in value of the Common Shares;
- 1.2.3 encouraging stock ownership by such Eligible Persons;
- 1.2.4 increasing the proprietary interest of Eligible Persons in the success of the Corporation;
- 1.2.5 encouraging Eligible Persons to remain with the Corporation or its subsidiaries;
- 1.2.6 attracting new employees and officers; and
- 1.2.7 compensating other service providers.

1.3 Administration

- 1.3.1 The Plan shall be administered by the Board or a committee of the Board duly appointed for this purpose by the Board and consisting of not less than three directors. If a committee is appointed for this purpose, all references herein to the Board shall be deemed to be references to such committee.
- 1.3.2 Subject to the limitations of the Plan, the Board shall have the authority to:
 - 1.3.2.1 grant Options to Eligible Persons;
 - 1.3.2.2 grant Options with Stock Appreciation Rights to Eligible Persons;
 - 1.3.2.3 determine the terms, limitations, restrictions and conditions respecting such grants, including providing that a portion or portions of an Option or Option with Stock Appreciation Rights vest after certain periods of time or upon the occurrence of certain events, or expire after certain periods of time or upon the occurrence of certain events;
 - 1.3.2.4 interpret the Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the Plan as it shall from time to time deem advisable;
 - 1.3.2.5 determine and adopt from time to time the forms of Option certificate, Option with Stock Appreciation Right certificate and notice of exercise; and

- 1.3.2.6 make all other determinations and take all other actions in connection with the implementation and administration of the Plan including without limitation for the purpose of ensuring compliance with section 1.8 as it may deem necessary or advisable.

The Board's guidelines, rules, regulations, interpretations and determinations shall be conclusive and binding upon the Corporation and all other persons.

- 1.3.3 Unless the Corporation has received prior approval of Shareholders, the Corporation shall not cancel any Option or Option with Stock Appreciation Right and replace such Option or Option with Stock Appreciation Right within three months of the cancellation.

1.4 Shares Reserved

- 1.4.1 The maximum aggregate number of Common Shares which may be reserved for issuance pursuant to the exercise of Options or Options with Stock Appreciation Rights granted under the Plan, when combined with any other share compensation arrangement of the Corporation, including the Plan and all Share Compensation Arrangements (including for greater certainty the Corporation's Amended and Restated Long Term Incentive Plan established June 30, 2014, as most recently amended and restated on June 17, 2026), shall not exceed 7% of the Common Shares issued and outstanding from time to time.

Any Common Shares subject to an Option or Option with Stock Appreciation Right, which for any reason is cancelled or terminated without having been exercised, shall again be available for grant under the Plan. Upon the exercise of an Option with Stock Appreciation Rights and an election under subsection 3.3.4.2 below, any Common Shares subject to such Option with Stock Appreciation Rights shall again be available for grants under the Plan. No fractional shares shall be issued and the Board may determine the manner in which fractional share values shall be treated.

- 1.4.2 If there is a change in the outstanding Common Shares by reason of any stock dividend or split, amalgamation, consolidation, combination or exchange of shares, or other corporate change, the Board shall make, subject to the prior approval of the relevant Stock Exchange(s), appropriate substitution or adjustment in:

- 1.4.2.1 the number or kind of shares or other securities reserved for issuance pursuant to the Plan;

- 1.4.2.2 the number and kind of shares subject to unexercised Options therefore granted and in the option price of such shares; and

- 1.4.2.3 the number and kind of shares subject to unexercised Options with Stock Appreciation Rights therefore granted and in the exercise price of such shares;

provided however that no substitution or adjustment shall obligate the Corporation to issue or sell fractional shares. If the Corporation is reorganized, amalgamated with another corporation, or consolidated, the Board shall make such provision for the protection of the rights of Participants as the Board in its discretion deems appropriate.

- 1.4.3 If the Corporation declares and pays one or more special cash dividends or distributions or any non-cash dividends or distributions, the exercise price of all Options and Options with Stock Appreciation Rights outstanding on the record date of such dividend or distribution shall be reduced by an amount equal to the cash amount or the fair market value of the dividend or distribution, as determined by the Board in its sole discretion.

1.5 Limits with Respect to Insiders

- 1.5.1 The number of Common Shares reserved for issuance to Insiders (as a group), at any time, under all Share Compensation Arrangements, which includes, for greater certainty, the Plan, cannot exceed 7% of the issued and outstanding Common Shares at the time of grant (on a non-diluted basis).

- 1.5.2 The number of Common Shares issued to Insiders (as a group), within a one year period, under all Share Compensation Arrangements, which includes, for greater certainty, the Plan, cannot exceed 7% of the issued and outstanding Common Shares at the time of grant (on a non-diluted basis).

Subject to the terms in this subsection 1.5.2, the maximum number of Common Shares which may be issued to any one Insider under the Plan within a one year period shall be 5% of the Common Shares outstanding at the time of the grant (on a non-diluted basis).

- 1.5.3 Any entitlement to acquire Common Shares granted pursuant to the Plan or any other Share Compensation Arrangement:

1.5.3.1 prior to the grantee becoming an Insider shall be excluded for the purposes of the limits set out in subsections 1.5.1 and 1.5.2 above; and

1.5.3.2 prior to the grantee becoming a Non-Executive Director shall be excluded for the purposes of the limits set out in subsection 1.5.4 below.

- 1.5.4 Notwithstanding any other restrictions in the Plan, the aggregate number of Common Shares reserved for issuance to Non-Executive Directors under the Plan together with all other Share Compensation Arrangements of the Corporation, if any, shall not exceed 1% of the total number of issued and outstanding Common Shares (calculated on a non-diluted basis), and the annual award value of all Options and Options with Stock Appreciation Rights shall not exceed \$100,000 in value per Non-Executive Director (with such value determined as of the date of grant).

1.6 Additional Share Compensation Arrangements

Nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements, subject to any required approvals.

1.7 Amendment and Termination

- 1.7.1 Amendment

1.7.1.1 Subject to subsection 1.7.2 and applicable regulatory approval, including any approval required from the applicable Stock Exchange on which the

Common Shares are then listed for trading, the Board may, by resolution, amend, vary or discontinue the Plan, or any agreement or entitlement subject to the Plan, at any time without notice to or approval of the shareholders of the Corporation, including, without limitation, for the purpose of:

- (A) changing the class of persons who will be eligible to be granted Options and Options with Stock Appreciation Rights pursuant to the Plan and the authority of the Board in respect of the grant of Options and Options with Stock Appreciation Rights under the Plan;
- (B) ensuring continuing compliance with applicable laws and regulations and the requirements or policies of any governmental or regulatory authority, securities commission or Stock Exchange having authority over the Corporation or the Plan;
- (C) changes of a “housekeeping”, clerical, technical or stylistic nature, including, without limitation, eliminating any ambiguity, error or defect, supplying any omission or correcting or supplementing any provision contained in the Plan or in any agreement subject to the Plan which may be incorrect or incompatible with any other provision of the Plan or such agreement;
- (D) changing the method of determining the Option price for Options and Options with Stock Appreciation Rights granted pursuant to the Plan, subject to sections 2.2 and 3.2 hereof;
- (E) changing the following terms governing Options and Options with Stock Appreciation Rights under the Plan:
 - (1) vesting terms (including the acceleration of vesting);
 - (2) exercise and payment method and frequency;
 - (3) transferability or assignability, subject to subsection 1.7.1.2(E); and
 - (4) to fairly or properly take into account the events referred to in subsection 1.4.2 hereof;
- (F) determining that any of the provisions of the Plan or any agreement subject to the Plan concerning the effect of termination (for whatever reason) of the Optionee’s employment, service or consulting agreement/arrangement or cessation of the Optionee’s directorship or office, shall not apply for any reason acceptable to the Board;
- (G) adding or amending provisions necessary for Options and Options with Stock Appreciation Rights under the Plan to qualify for

favourable tax treatment to Optionees and/or the Corporation under applicable tax laws;

- (H) changing any terms relating to the administration of the Plan; and
- (I) making any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law (including, without limitation, the rules and policies of the TSX and of any other stock exchange or market having authority over the Corporation or the Plan);

1.7.1.2 Subject to applicable regulatory approval, including any approval required from the Stock Exchange on which the Common Shares are then listed for trading, the Board may, by resolution, amend, vary or discontinue the Plan, or any agreement or entitlement subject to the Plan, at any time for the following purposes, provided that any such amendment, variance or discontinuance will not become effective unless and until approved by a majority of the votes cast by shareholders of the Corporation, in person or by proxy, at a meeting of shareholders:

- (A) any increase in the maximum number of Common Shares issuable under the Plan as provided in subsection 1.4.1 hereof or any change from a fixed maximum number of Common Shares issuable under the Plan to a fixed maximum percentage;
- (B) any reduction in the Option price of an outstanding Option or Option with Stock Appreciation Rights or exercise price of Stock Appreciation Rights;
- (C) any extension of the Option or Option with Stock Appreciation Right term beyond its original Expiry Date (which, for greater certainty, shall not include the circumstances provided for in subsection 2.3.9 hereof in respect of a Blackout Period), or any amendment to permit the grant of an Option or Option with Stock Appreciation Rights with an Expiry Date of more than ten years from the date the Option or Option with Stock Appreciation Rights is granted (which, for greater certainty, shall not include the circumstances provided for in subsection 2.3.9 hereof in respect of a Blackout Period);
- (D) any extension of eligibility to participate in the Plan to Non-Executive Directors of the Corporation, including any amendment to subsection 1.5.4 that may increase the limits imposed on Non-Executive Directors' participation in the Plan;
- (E) permitting any Option and Option with Stock Appreciation Rights granted under the Plan (or any other kind of award which may hereafter form part of the Plan) to be transferable or assignable other than for estate planning or normal estate settlement purposes;

- (F) providing for the granting of equity based kinds of awards under the Plan;
- (G) changes to the insider participation limits in subsections 1.5.1, 1.5.2, and 1.5.3 which would result in shareholder approval to be required by the applicable Stock Exchange on a disinterested basis;
- (H) an amendment to the provisions of subsection 1.7.1.1, other than those amendments that are for the purpose of curing any ambiguity, error or omission in such section and are not material in nature;
- (I) an amendment to the provisions of this subsection 1.7.1.2, other than the addition of further matters to be subject to shareholder approval and those amendments that are for the purpose of curing any ambiguity, error or omission in this subsection and are not material in nature;
- (J) an amendment to subsection 1.3.3 that would allow the Corporation to cancel an Option or Option with Stock Appreciation Right and replace such Option or Option with Stock Appreciation Right within three months of the cancellation; and
- (K) any other amendment requiring shareholder approval under applicable law (including, without limitation, under the rules and policies of the TSX and of any other Stock Exchange or market having authority over the Corporation or the Plan),

provided further that, in the case of any amendment or variance referred to in subsections 1.7.1.2(A), (B), (C), (D) or (G), Insiders entitled to receive a benefit directly or indirectly under the Stock Option Plan will not have the votes attaching to the common shares of the Corporation held, directly or indirectly, by them counted in respect of the required approval of the shareholders of the Corporation.

1.7.1.3 Notwithstanding anything herein to the contrary, no amendment, variance or discontinuance of the Plan, or any agreement or entitlement subject to the Plan, may be made, without the prior written consent of the Optionee, if the Board determines that the effect thereof is to impair, derogate from or otherwise materially and adversely affect any Option or Option with Stock Appreciation Rights previously granted to such Optionee under the Plan.

1.7.2 Termination

Subject to the provisions of this section 1.7, the Plan shall remain in effect until all grants of Options and Options with Stock Appreciation Rights under the Plan have been terminated pursuant to the provisions of the Plan or satisfied by the issuance of Common Shares, the payment of cash, or otherwise.

1.8 Compliance with Legislation

The Plan, the grant and exercise of Options and Options with Stock Appreciation Rights hereunder and the Corporation's obligation to sell and deliver Common Shares upon exercise of Options and Options with Stock Appreciation Rights shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of any stock exchange(s) on which the Common Shares are listed for trading and to such approvals by any regulatory or governmental agency as may, in the opinion of legal counsel to the Corporation, be required. The Corporation shall not be obligated by any provision of the Plan or the grant of any Option or Option with Stock Appreciation Rights hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals. No Option or Option with Stock Appreciation Rights shall be granted and no Common Shares issued or sold hereunder if such grant, issue or sale would require registration of the Plan or of Common Shares under the securities laws of any foreign jurisdiction and any purported grant of any Option or Option with Stock Appreciation Rights or issue or sale of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to issue any Common Shares under this Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading. Common Shares issued and sold to Participants pursuant to the exercise of Options or Options with Stock Appreciation Rights may be subject to limitations on sale or resale under applicable securities laws.

1.9 Effective Date

This Plan amends and restates the Stock Option Plan of the Corporation established on February 23, 1999, and most recently amended and restated on June 21, 2023, and shall be effective on June 17, 2026. The Plan shall be subject to the approval of any relevant regulatory authority whose approval is required and shall be subject to the approval of shareholders of the Corporation. Any Options or Options with Stock Appreciation Rights granted prior to such approvals and acceptances shall be conditional upon such approvals and acceptances being given and no such Options or Options with Stock Appreciation Rights may be exercised unless such approval and acceptance is given.

SECTION II - OPTIONS

2.1 Grant

Subject to the provisions of the Plan, the Board shall have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set forth in section 2.3 hereof, applicable to the exercise of an Option, including without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Common Shares acquired upon exercise of an Option may be forfeited. An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion. Notwithstanding anything to the contrary in the Plan, solely with respect to U.S. Participants, Options may only be granted to a U.S. Participant if (i) such U.S. Participant 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.

2.2 Option Price

The option price at which a Participant may purchase a Common Share upon the exercise of an Option shall not be less than the Fair Market Value of the Corporation's Common Shares as of the date of grant. The option price shall be subject to adjustment in accordance with the provisions of subsection 1.4.2 hereof.

2.3 Exercise of Options

2.3.1 Options granted must be exercised no later than ten years after the date of grant or such lesser period as the regulations made pursuant to the Plan may require.

2.3.2 Options shall not be transferable by the Participants otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representative.

2.3.3 As determined by the Board if a Participant ceases to be an Eligible Person for any reason whatsoever, each Option held by the Participant shall cease to be exercisable no later than 180 days after the Termination Date, provided that in no event will this result in an Option being exercisable beyond the Expiry Date. If any portion of an Option is not vested by the Termination Date, that portion of the Option may not under any circumstances be exercised by the Participant. Without limitation, and for greater certainty only, this provision shall apply regardless of whether the Participant was dismissed with or without cause and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a period of notice of termination which would otherwise have permitted a greater portion of the Option to vest with the Participant.

2.3.4 Upon a Change of Control all unvested Options (including Options with Stock Appreciation Rights) then outstanding shall be substituted by or replaced with stock options of the continuing entity on the same terms and conditions as the original Stock Options (including Options with Stock Appreciation Rights) unless substitution or replacement of the Stock Options (including Options with Stock Appreciation Rights) is deemed impossible or impractical by the Board, in its sole discretion, in which case the cash value of all such Stock Options (including Options with Stock Appreciation Rights) shall be determined by the Board acting reasonably, and with reference to consideration paid to the Corporation and/or its shareholders in connection with the Change of Control, and such cash value of the Stock Options (including Options with Stock Appreciation Rights) shall be paid to the Eligible Persons at the time and in amounts corresponding to the vesting schedule of the underlying Stock Options (including Options with Stock Appreciation Rights) on which the cash value is based. For greater clarity, the provisions of subsection 2.3.3 (and subsection 3.3.3 in the case of Options with Stock Appreciation Rights) shall apply *mutatis mutandis* to Stock Options (including Options with Stock Appreciation Rights) which are replaced pursuant to this section 2.3.4 with stock options of the continuing entity or cash awards granted in lieu of stock options of the continuing entity; provided, however, if the individual ceases to be an Eligible Person as a result of his or her Good Leaver Termination, then: (i) each option of the continuing entity held by the Eligible Person shall immediately vest and be exercisable in full at any time up to the Expiry Date or 12 months after the Termination Date, whichever comes first; or (ii) in the case of cash

awards granted in lieu of stock options of the continuing entity, such cash awards shall be immediately due and payable to the Eligible Person on the Termination Date.

- 2.3.5 The option price of each Common Share purchased under an Option shall be paid in full in cash or by bank draft or certified cheque payable to “Diversified Royalty Corp.” at the time of such exercise, and upon receipt of payment in full, but subject to the terms of the Plan, the number of Common Shares in respect of which the Option is exercised shall be duly issued as fully paid and non-assessable.
- 2.3.6 Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its registered office addressed to the Corporate Secretary of the Corporation: (i) written notice of exercise specifying the number of Common Shares with respect to which the Option is being exercised; (ii) a certified cheque or bank draft in an amount equal to the aggregate option price of the Common Shares to be purchased; and (iii) make suitable arrangements with the Corporation, in accordance with subsection 2.3.8, for the receipt by the Corporation of an amount sufficient to satisfy any withholding tax requirements under applicable tax legislation in respect of the exercise of an Option (the “**Withholding Obligations**”). Certificates for such Common Shares shall be issued and delivered to the Optionee within a reasonable period of time following the receipt of such notice and payment.
- 2.3.7 Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation’s obligation to issue Common Shares to a Participant pursuant to the exercise of an Option shall be subject to:
- 2.3.7.1 completion of such registration or other qualification of such Common Shares or obtaining approval of such governmental or regulatory authority as legal counsel to the Corporation shall reasonably determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
 - 2.3.7.2 the admission of such Common Shares to listing on any stock exchange on which the Common Shares may then be listed;
 - 2.3.7.3 providing that the provisions of subsection 2.3.8 of this Plan have been complied with to the Board’s satisfaction as a condition to the exercise of an Option; and
 - 2.3.7.4 the receipt from the participant of such representations, agreements and undertakings, including as to future dealings in such Common Shares, as legal counsel to the Corporation reasonably determines to be necessary or advisable in order to safeguard against the violation of the laws of any jurisdiction.

In this regard, the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for issuance of such Common Shares in compliance with applicable laws and for the admission to listing of such Common Shares on any stock exchange on which the Common Shares are then listed.

- 2.3.8 Upon the exercise of an Option by a Participant, the Corporation shall have the right to require the Participant to remit to the Corporation an amount sufficient to satisfy any Withholding Obligations relating thereto under applicable tax legislation. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the amount of the Withholding Obligations (the “**Withholding Amount**”) may be accomplished by any of the following methods or by a combination of such methods as determined by the Corporation in its sole discretion:
- 2.3.8.1 the tendering by the Participant of cash payment to the Corporation in an amount less than or equal to the Withholding Amount; or
 - 2.3.8.2 the withholding by the Corporation from the Common Shares otherwise due to the Participant such number of Common Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the Withholding Amount (net of selling costs). By executing and delivering the written notice of exercise, the Participant shall be deemed to have consented to such sale and have granted to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and to have acknowledged and agreed that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares; or
 - 2.3.8.3 the withholding by the Corporation from any cash payment otherwise due by the Corporation to the Participant, including salaries, directors fees, consulting fees and any other forms of remuneration, such amount of cash as is required to pay and satisfy the Withholding Amount;

provided, however, in all cases, that the sum of any cash so paid or withheld and the Fair Market Value of any Common Shares so withheld is sufficient to satisfy the Withholding Amount.

The provisions of the Options shall provide that the Participant (or their beneficiaries) shall be responsible for all taxes with respect to the Options granted under the Plan and an acknowledgement that neither the Board nor the Corporation shall make any representations or warranties of any nature or kind whatsoever to any person regarding the tax treatment of the Options or payments on account of the Withholding Amount made under the Plan and none of the Board, the Corporation, nor any of its employees or representatives shall have any liability to a Participant (or its beneficiaries) with respect thereto.

- 2.3.9 Notwithstanding the foregoing or anything else to the contrary in the Plan, if the term of any Option or Option with Stock Appreciation Rights granted under the Plan ends on a day occurring within a Blackout Period applicable to an Optionee or within ten business days after the expiry of a Blackout Period applicable to an Optionee, the term of such Option and Option with Stock Appreciation Rights shall be automatically extended to (and such Option or Option with Stock Appreciation Rights shall continue to be exercisable under the terms of the Plan up to) 5:00 p.m. (Vancouver time) on the tenth business day following the expiry of such Blackout Period; provided that, solely with respect to Options or Stock Appreciation Rights granted to U.S. Participants, such extension shall only apply if the Board determines, in its sole discretion, that such extension would not violate Section 409A. This subsection 2.3.9 applies to all Options

and Option with Stock Appreciation Rights outstanding under the Plan, regardless of the date of grant or issuance.

- 2.3.10 Notwithstanding the foregoing or anything else to the contrary in the Plan, with the consent of the Board or as may be provided in the agreement governing an Option, an Optionee may, rather than exercise an Option which the Optionee is entitled to exercise under the Plan, elect to surrender the Option in whole or in part and, in lieu of receiving the Common Shares to which the surrendered Option relates, receive the number of Common Shares, disregarding fractions, which, when multiplied by the Fair Market Value of a Common Share at the time of surrender, have a value equal to the product of the number of Common Shares to which the surrendered Option relate multiplied by the difference between the then Fair Market Value and the exercise price of the surrendered Options, less any Withholding Amount.

SECTION III - STOCK APPRECIATION RIGHTS

3.1 Grant

Each Stock Appreciation Right that is granted under the Plan shall be attached to an Option. No Stock Appreciation Right shall be granted without a corresponding grant of an Option. Subject to the provisions of the Plan, the Board shall have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set forth in section 3.3 hereof, applicable to the exercise of an Option with Stock Appreciation Rights including without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Common Shares acquired upon exercise of the Option with Stock Appreciation Rights, and the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Common Shares acquired upon exercise of an Option with Stock Appreciation Rights may be forfeited. An Eligible Person may receive Options with Stock Appreciation Rights on more than one occasion under the Plan and may receive separate Options with Stock Appreciation Rights on any one occasion.

3.2 Exercise Price

The Board shall establish the exercise price at the time each Option with Stock Appreciation Rights is granted, which shall in all cases be not less than the Fair Market Value of the Common Shares as of the date of grant. The exercise price shall be subject to adjustment in accordance with the provisions of subsection 1.4.2 hereof.

3.3 Exercise of Options with Stock Appreciation Rights

- 3.3.1 Options with Stock Appreciation Rights granted must be exercised no later than ten years after the date of grant or such lesser period as the regulations made pursuant to the Plan may require.
- 3.3.2 Options with Stock Appreciation Rights shall not be transferable by the Participants otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representative.
- 3.3.3 As determined by the Board, if a Participant ceases to be an Eligible Person for any reason whatsoever, each Option with Stock Appreciation Rights held by the Participant

shall cease to be exercisable no later than 180 days after the Termination Date, provided that in no event will this result in an Option with Stock Appreciation Rights being exercisable beyond the Expiry Date. If any portion of an Option with Stock Appreciation Rights is not vested by the Termination Date, that portion of the Option with Stock Appreciation Rights may not under any circumstances be exercised by the Participant. Without limitation, and for greater certainty only, this provision shall apply regardless of whether the Participant was dismissed with or without cause and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a period of notice of termination which would otherwise have permitted a greater portion of the Option with Stock Appreciation Rights to vest with the Participant.

- 3.3.4 Subject to the provisions of the Plan, an Option with Stock Appreciation Rights may be exercised from time to time by delivery to the Corporation at its registered office addressed to the Corporate Secretary of the Corporation written notice of exercise specifying the number of Common Shares with respect to which the Option with Stock Appreciation Rights is being exercised. Upon receiving such written notice of exercise the Corporation shall elect either to:
- 3.3.4.1 have the Participant purchase Common Shares under such Option with Stock Appreciation Rights; or
 - 3.3.4.2 have the Participant receive a cash bonus under such Option with Stock Appreciation Rights.
- 3.3.5 If the Corporation notifies a Participant that it has made an election under subsection 3.3.4.1, the Participant shall within five days following the date of exercise deliver to the Corporate Secretary of the Corporation at its registered office a certified cheque or bank draft in an amount equal to the aggregate exercise price of the Common Shares to be purchased and make suitable arrangements with the Corporation, in accordance with subsection 3.3.7, for the receipt by the Corporation of an amount sufficient to satisfy any Withholding Obligations. Certificates for such Common Shares shall be issued and delivered to the exercisee within a reasonable period of time following the receipt of such payment.
- 3.3.6 The exercise price of each Common Share purchased under an Option with Stock Appreciation Rights shall be paid in full in cash or by bank draft or certified cheque payable to "Diversified Royalty Corp.", and upon receipt of payment in full, but subject to the terms of the Plan, the number of Common Shares in respect of which the Option with Stock Appreciation Rights is exercised shall be duly issued as fully paid and non-assessable.
- 3.3.7 Upon the exercise of an Option with Stock Appreciation Rights by a Participant, the Corporation shall have the right to require the Participant to remit to the Corporation an amount sufficient to satisfy any Withholding Obligations relating thereto under applicable tax legislation. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the Withholding Amount may be accomplished by any of the following methods or by a combination of such methods as determined by the Corporation in its sole discretion:

- 3.3.7.1 the tendering by the Participant of cash payment to the Corporation in an amount less than or equal to the Withholding Amount; or
- 3.3.7.2 the withholding by the Corporation from the Common Shares otherwise due to the Participant such number of Common Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the Withholding Amount (net of selling costs). By executing and delivering the written notice of exercise, the Participant shall be deemed to have consented to such sale and have granted to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and to have acknowledged and agreed that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares; or
- 3.3.7.3 the withholding by the Corporation from any cash payment otherwise due by the Corporation to the Participant, including salaries, directors fees, consulting fees and any other forms of remuneration, such amount of cash as is required to pay and satisfy the Withholding Amount;

provided, however, in all cases, that the sum of any cash so paid or withheld and the Fair Market Value of any Common Shares so withheld is sufficient to satisfy the Withholding Amount.

The provisions of the Options with Stock Appreciation Rights shall provide that the Participant (or their beneficiaries) shall be responsible for all taxes with respect to the Options with Stock Appreciation Rights granted under the Plan and an acknowledgement that neither the Board nor the Corporation shall make any representations or warranties of any nature or kind whatsoever to any person regarding the tax treatment of the Options with Stock Appreciation Rights or payments on account of the Withholding Amount made under the Plan and none of the Board, the Corporation, nor any of its employees or representatives shall have any liability to a Participant (or its beneficiaries) with respect thereto.

- 3.3.8 If the Corporation notifies a Participant that it has made an election under subsection 3.3.4.2, the Corporation shall pay by way of bonus and the exercisec shall be entitled to receive in cash, within five days following the date of exercise, the amount by which the aggregate Fair Market Value of the Common Shares with respect to which the Option with Stock Appreciation Rights is being exercised exceeds the aggregate exercise price for such Common Shares, less the Withholding Amount to satisfy the Withholding Obligations.

For example:

$A \text{ less } B \text{ multiplied by } C = \text{cash value to be received by Participant (prior to application of any Withholding Obligations),}$

Where:

A = Fair Market Value of Common Shares;

B = Exercise Price; and

C = number of Options with Stock Appreciation Rights being exercised.

- 3.3.9 Notwithstanding any of the provisions contained in the Plan or in any Option with Stock Appreciation Rights, the Corporation's obligation to issue Common Shares to a Participant pursuant to the exercise of an Option with Stock Appreciation Rights shall be subject to:
- 3.3.9.1 completion of such registration or other qualification of such Common Shares or obtaining approval of such governmental or regulatory authority as legal counsel to the Corporation shall reasonably determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
 - 3.3.9.2 the admission of such Common Shares to listing on any stock exchange on which the Common Shares may then be listed;
 - 3.3.9.3 providing that the provisions of subsection 3.3.7 of this Plan have been complied with to the Board's satisfaction as a condition to the exercise of an Option with a Stock Appreciation Rights; and
 - 3.3.9.4 the receipt from the participant of such representations, agreements and undertakings, including as to future dealings in such Common Shares, as legal counsel to the Corporation reasonably determines to be necessary or advisable in order to safeguard against the violation of the laws of any jurisdiction.

In this regard, the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for issuance of such Common Shares in compliance with applicable laws and for the admission to listing of such Common Shares on any stock exchange on which the Common Shares are then listed.

SECTION IV – MISCELLANEOUS PROVISIONS

4.1 No Right as Shareholder

The holder of an Option or an Option with Stock Appreciation Rights shall not have any rights as a shareholder of the Corporation with respect to any of the Common Shares covered by such Option or Option with Stock Appreciation Rights until such holder shall have exercised such Option or Option with Stock Appreciation Rights (and in the case of an Option with Stock Appreciation Rights, the Corporation has made an election under subsection 3.3.4.1 above) in accordance with the terms of the Plan (including tendering payment in full of the option price or exercise price of the Common Shares in respect of which the Option or Option with Stock Appreciation Rights is being exercised).

4.2 No Employment Entitlement Conferred

Nothing in the Plan or any Option or Option with Stock Appreciation Rights shall confer upon a Participant any right to continue in the employ of the Corporation or any subsidiary or affect in any way the right of the Corporation or any subsidiary to terminate his employment at any time; nor shall anything in the Plan or any Option or Option with Stock Appreciation Rights be deemed or

construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any subsidiary to extend the employment of any Participant beyond the time which he would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any subsidiary, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any subsidiary.

4.3 Legends

The agreements governing the Options and Options with Stock Appreciation Rights, and the Common Shares issued on exercise of any Options shall have imposed on them those legends that are required under applicable securities laws or the rules and policies of any Stock Exchange on which the Common Shares then trade.

4.4 Section 409A

4.4.1 With respect to U.S. Participants, this Plan will be construed and interpreted to be exempt from, or where not so exempt, to comply with Section 409A to the extent required to preserve the intended tax consequences of this Plan. Any reference in this Plan to Section 409A shall also include any regulation promulgated thereunder or any other formal guidance issued by the United States Internal Revenue Service with respect to Section 409A. Each Option and Option with Stock Appreciation Rights shall be construed and administered such that the Option or Option with Stock Appreciation Rights either (i) qualifies for an exemption from the requirements of Section 409A, or (ii) satisfies the requirements of Section 409A. If an Option or Option with Stock Appreciation Rights is subject to Section 409A, (A) distributions shall only be made in a manner and upon an event permitted under Section 409A, (B) payments to be made upon a termination of employment or service shall only be made upon a “separation from service” under Section 409A, (C) unless the Option or Option with Stock Appreciation Rights specifies otherwise, each installment payment shall be treated as a separate payment for purposes of Section 409A, and (D) 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. To the extent that an Option or Option with Stock Appreciation Rights or payment, or the settlement or deferral thereof, is subject to Section 409A, the Option or Option with Stock Appreciation Rights will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A. 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. In no event will the Corporation or any of its Affiliates be liable for any tax, interest or penalties that may be imposed on a Participant under Section 409A or any damages for failing to comply with Section 409A.

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

4.4.3 Notwithstanding any provisions of the Plan to the contrary, in the case of any “specified employee” (within the meaning of Section 409A) who is a U.S. Participant, distributions of non-qualified deferred compensation under Section 409A made in connection with a “separation from service” (within the meaning set forth in Section 409A) 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. Participant). 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.